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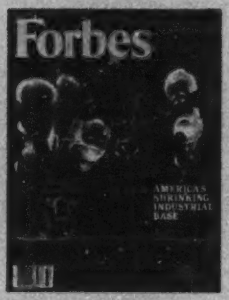
Forbes

AMERICA'S SHRINKING INDUSTRIAL BASE

74820 08317

November 22, 1982
Volume 130,
Number 11



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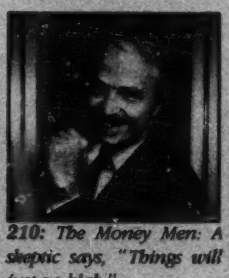

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Cover Illustration:
Robert Grossman

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $33 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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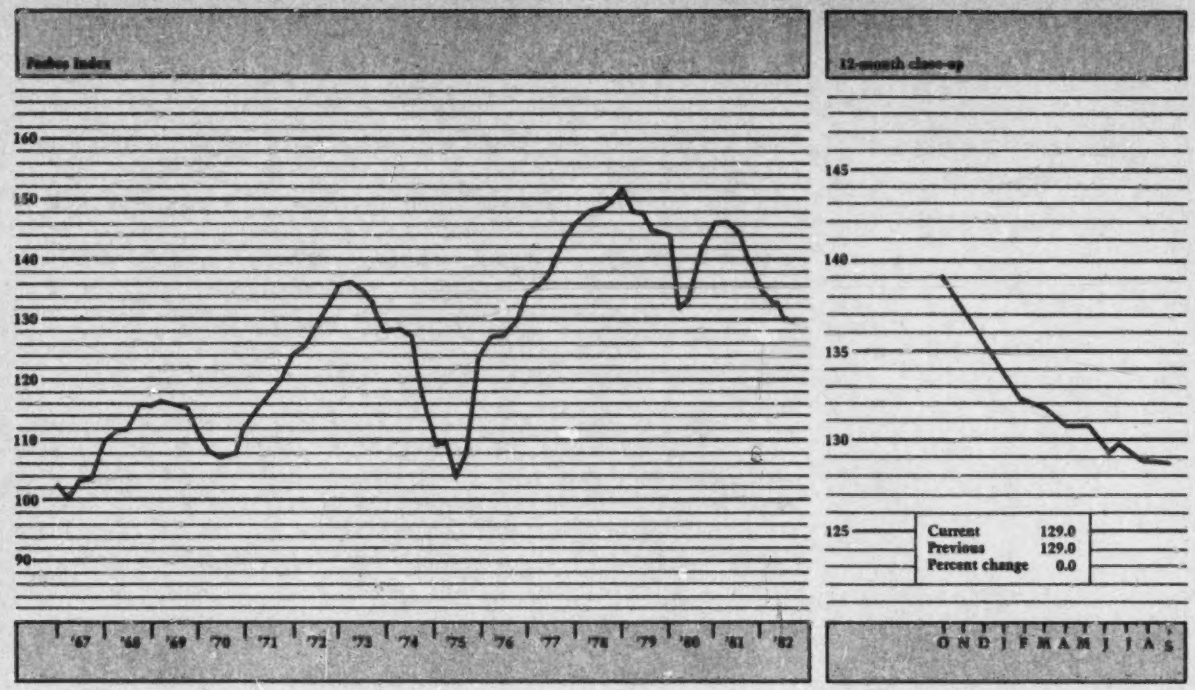
The Forbes Index



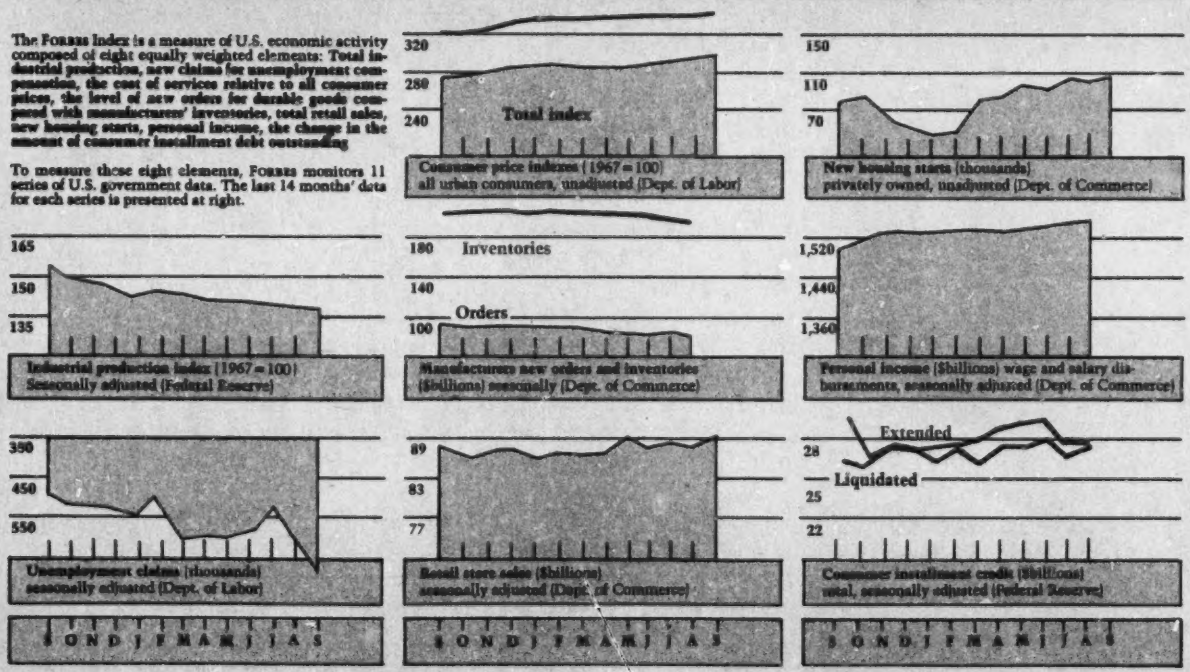
Steady as she goes. The Forbes Index has flattened out, ending the sawtooth pattern it has followed in recent months. Good news was provided by housing starts, which were up 15.5% in September following a 12.7% decline in August. Also positive was news from the inflation front. Both the consumer price index and the index of price changes in service-connected sectors registered 0.2% gains. That's a very low 2% annual inflation rate.

The Forbes Index failed to rise largely because the unemployment rate increased. Claims in September posted a disheartening 18.4% rise over midsummer levels. In fact, unemployment claims are now at the highest point in the index' history. If we draw another harsh winter, it appears the recovery will not arrive until spring.

The Forbes Index Components

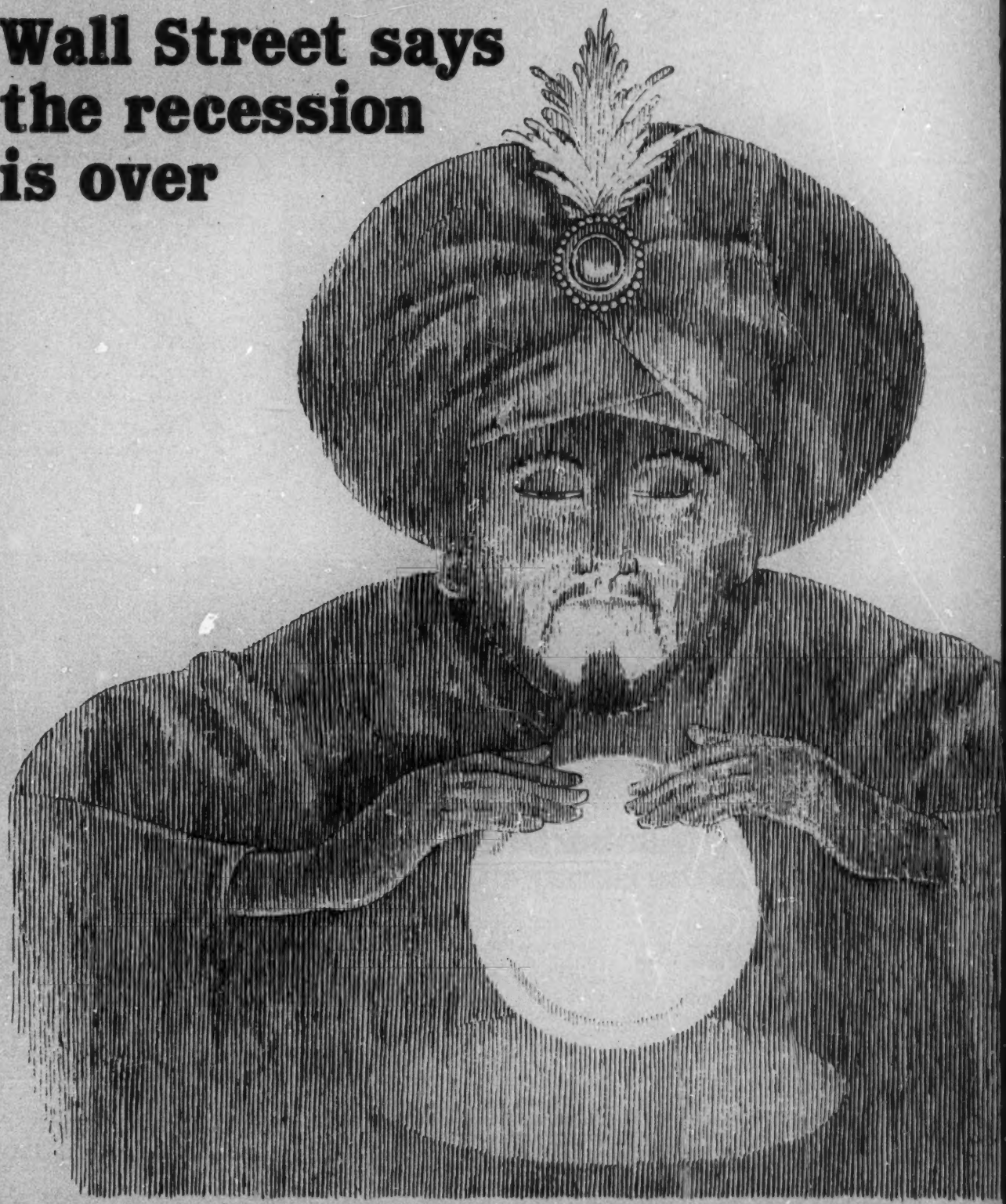
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding

To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



Earnings predictions for the Forbes 500 are now far brighter than they were last year. If the analysts' forecasts are on the mark, it may be time to break out the champagne.

Wall Street says the recession is over



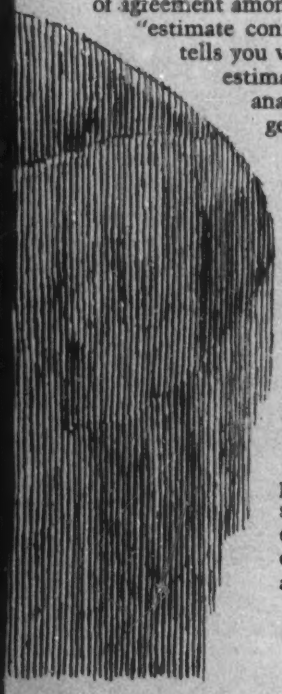
By Steve Kichen and Paul Bornstein

ESTIMATES HAVE BEEN dropping all year and are still dropping," says Stan Levine, a vice president of New York brokerage house Lynch, Jones & Ryan, whose Institutional Brokers Estimate System (IBES) gathers and tabulates earnings estimates on some 2,400 firms from over 1,000 security analysts. "In the past month three times as many 1983 estimates have been cut as increased," notes Levine.

Curious. The stock market wild on the upside and the security analysts trimming their expectations. But the discrepancy is not as wide as it appears. The analysts' action simply reflects the prevailing expectations about the economy. In other words, Wall Street expects a recovery but a less vigorous one than was expected earlier in the year *(see What's Ahead for Business, p. 33)*.

So, the underlying message is a cheerful one: The recession is over. Although earnings estimates are being scaled back, of the 469 Forbes 500 firms for which three or more analyst estimates are available, 449, or 96%, are expected to show higher earnings in 1983 than in 1982.*

A consensus estimate is the product of several analysts. Unfortunately but predictably, individual analysts may be far apart in their projections. So we sought Levine's assistance in converting the IBES statistical measurement of the level of agreement among analysts into an "estimate confidence factor." It tells you whether or not the estimates by different analysts are close together or far apart.



American Electric Power, for example, is a firm with a "very high" estimate confidence factor. Meaning: Individual security analysts have similar expectations for the earnings prospects of this company. Slow but steadily growing companies such as electric utilities are usually more predictable than cyclical manufacturers of capital goods.

Not surprisingly, there is a lot less agreement among analysts over a company such as Chrysler. The smallest of the big three shows a "very low" earnings estimate confidence factor. The consensus estimate for Chrysler pegs 1983 earnings at $2.96 a share. But among the 13 estimates that make up this figure, the per-share expectations run from as low as $1.25 to as high as $4.65. Depending on whom you believe, Chrysler is selling at between 7 and 2 times next year's earnings.

Among the Forbes industry groups expected to make a significant rebound in earnings are paper and forest products, industrial and agricultural machinery, metals and airlines. Boise Cascade, an Idaho-based producer of paper, packaging and wood products, is expected to make the greatest percentage gain in 1983: $2.51, vs. an estimated $0.33 in 1982.

This year we have included data from the Institutional Brokers Opinion Service (IBOS), a product offered through Bankers Trust and Lynch, Jones & Ryan. IBOS monitors the buy, hold and sell recommendations of brokerage house security analysts on over 1,800 securities. This data is collected, tabulated and analyzed, with each security getting a composite recommendation.

Gifford Lehman, vice president of Bankers Trust, points out that IBOS numbers are at odds with recent market behavior. "All through the rally the overall average of analyst opinions has been moving more and more toward the sell side," he explains. "We're not sure of the significance of this in the face of a dramatic market rally, but we certainly think that it is interesting."

Using cutoff points recommended by Lehman, we converted the IBOS statistic on each company into plain English—simple buy, sell or hold recommendations. These appear in the last two columns of our table. The column on the far right, analysts' ratings confidence factor, reflects the amount of agreement among analysts about these recommendations. As with our estimate confidence factors, it ranges from "very high" to "very low."

The average analyst opinion on Central Soya, for example, is a "buy." This food processor also has an analysts' ratings confidence factor of "very high," which indicates that there is considerable agreement among analysts about the stock. Not so about earnings. The consensus earnings estimate for Central calls for a 38% gain next year. Note, however, that the estimate confidence factor is very low. A number of analysts expect the company to do much better than the $1.76 consensus forecast, while others are not nearly so optimistic.

The following companies are rated as "buys" and are expected to show earnings gains of 100% or more.

Company	Estimated increase in 1983 earnings
Boise Cascade	661%
Champion International	256
Delta Air Lines	252
General Motors	151
BF Goodrich	205
Northwest Airlines	237
PACCAR	140
Rexnord	368
Singer	313
Trans World	198
Uniroyal	100

Although analyst earnings estimates are only educated guesses about the future, they can be useful in ferreting out potentially overvalued or undervalued situations. Over 50% of the Forbes 500 companies are priced at a multiple of 7 or less, based on 1983 estimates. On the other hand, less than 1% of the firms are now selling at a predicted multiple of 20 or more. Jim Walter, for example, is priced at 24 times estimated 1983 earnings.

One clue to the reliability of consensus estimates and opinions is the amount of agreement among individual analysts. Sharp-eyed investors have often found that strong agreement or disagreement can provide buying or selling opportunities in the market. If the analysts are unanimously high on a stock, it's often time to sell. And vice versa.

Of the more than 460 firms listed on the following pages, only 4—Bristol-Myers, IBM, Philip Morris and SONAT—score well on all criteria. These companies are expected to have at least a 10% improvement in earnings next year, are rated as a buy in the IBOS service and show very high confidence factors for both earnings estimates and analysts' ratings. Will this unanimity of favor, these generous smiles from the analysts, jinx these stocks? Or, basking in Wall Street approval, will they turn out big winners? Tune in next year.

**This year FORBES used a new IBES on-line computer service, called IBOL, to obtain consensus estimates for the next fiscal year for the companies listed in Forbes Sales 500* (May 10).

Earnings forecast for the Forbes 500

Throughout this year analysts have been lowering their 1983 earnings estimates, but a rebound in corporate profitability is still expected. Below: Institutional Brokers Estimate System (IBES) consensus earnings estimates and Opinion Survey (IBOS) buy-sell recommendations for 469 of the Forbes 500 (sales) companies.

Earnings momentum	Company	—Estimated earnings per share*— 1982	1983	% change	Estimate confidence factor	Recent price	P/E based on 1983 estimate	—Analysts' ratings— buy-sell opinion	confidence factor
▲	AMF	$2.09	$2.72	30%	low	18⅛	7	hold	very low
▲	AMR	0.15	2.88	NM	very low	17⅝	6	hold	average
▲	ARA Services	4.09	4.53	11	very high	35⅜	8	sell	average
▲	Abbott Labs	2.37	2.77	17	very high	37½	14	sell	very high
▲	Aetna Life & Casualty	6.24	6.91	11	average	42¾	6	buy	average
▲	HF Ahmanson	–3.82	1.96	NM	very low	19¼	10	buy	low
▲	Air Products & Chemicals	3.96	4.58	16	average	34¼	7	hold	average
▲	Albertson's	3.75	4.28	14	very high	44¼	10	hold	high
▲	Alco Standard	2.94	3.42	16	average	25⅞	8	buy	very low
▲	Allegheny International	3.31	5.46	65	average	23½	4	NA	NA
▲	Allegheny Power System	3.42	3.50	2	high	22½	6	hold	very high
▲	Allied Corp	6.84	7.46	9	low	35⅞	5	sell	average
▲	Allied Stores	4.29	5.05	18	average	35	7	hold	average
▲	Allis-Chalmers	–7.37	–0.67	NM	very low	9⅛	NM	hold	very high
▲	Aluminum Co of America	0.95	2.75	189	very low	28½	10	hold	average
▲	Amax	–2.63	0.07	NM	very low	25	NM	sell	very high
▲	Amerada Hess	2.55	4.52	77	low	29⅜	6	buy	average
▲	American Brands	6.83	7.59	11	high	48½	6	buy	low
▲	American Broadcasting	5.64	6.35	13	high	52⅛	8	buy	high
▲	American Can	3.09	3.96	28	low	35½	9	buy	very low
▲	American Cyanamid	3.03	3.93	30	average	34¼	9	hold	very high
▲	American Electric Power	2.43	2.56	5	very high	19¼	8	hold	low
▲	American Express	5.92	6.63	12	high	59	9	buy	high
▲	American General	6.98	7.43	6	high	46⅛	6	hold	very high
▲	American Home Products	3.60	4.08	13	very high	44⅜	11	hold	very high
▲	American Hospital Supply	2.45	2.88	18	very high	41⅜	14	buy	high
▲	American Intl Group	7.08	8.30	17	very high	80¼	10	hold	high
▲	American Motors	–1.90	0.83	NM	very low	5	6	hold	very low
▲	American Natural Resources	6.46	6.97	8	high	34	5	hold	low
▲	American Standard	2.25	3.26	45	low	29	9	buy	low
▲	American Stores	6.78	7.68	13	average	65½	9	NA	NA
▲	American Tel & Tel	8.80	9.55	9	high	60⅜	6	buy	high
▲	AMFAC	2.33	3.19	37	low	24¾	8	hold	low
▲	AMP	3.57	4.40	23	average	66	15	buy	average
▼	Amstar	4.31a	3.85	–11	very low	25	6	sell	very low
▲	Anderson, Clayton	4.48a	4.64	4	average	26¼	6	NA	NA
▲	Anheuser-Busch Cos	5.64	6.51	15	very high	62¼	10	buy	average
▲	Archer-Daniels-Midland	2.00a	2.39	17	very low	17⅞	7	hold	average
▲	Arkla	2.01	2.51	25	high	19¼	8	buy	very high
▲	Armco	–0.49	1.37	NM	very low	16⅝	12	sell	very low
▲	Armstrong World Inds	1.08	1.87	73	average	24⅜	13	hold	low
▲	Asarco	–2.95	0.79	NM	very low	27⅛	35	sell	average
▲	Ashland Oil	4.22	4.68	11	low	34⅝	7	sell	average
▲	Associated Dry Goods	4.40	5.20	18	high	48½	9	buy	high
▲	Atlantic Richfield	6.73	7.48	11	high	47¼	6	buy	very high
▲	Avco	3.24	3.80	17	average	26¼	7	hold	very low
▼	Avnet	4.03a	3.77	–6	low	57⅝	15	buy	average
▲	Avon Products	2.92	3.45	18	high	25¼	7	hold	average
▼	Baker International	3.83	3.75	–2	low	22⅝	6	hold	average
▲	Baldwin-United	5.28	6.13	16	average	38⅜	6	buy	very low
▲	Baltimore Gas & Electric	4.14	4.35	5	very high	28¼	6	hold	very high
▲	BankAmerica	3.16	3.80	20	average	23½	6	hold	very high
▲	Bankers Trust New York	7.70	8.21	7	average	41⅞	5	buy	average
▲	Baxter Travenol Labs	2.63	3.17	21	very high	47⅝	15	buy	high
▲	Beatrice Foods	3.23	3.48	8	average	24	7	hold	average

*For fiscal years ending June through May of the following year. a: actual earnings. NA: Not available. NM: Not meaningful.

Sources: Institutional Brokers Estimate System (IBES); Lynch, Jones & Ryan.
Institutional Brokers Opinion Survey (IBOS)—a service of Bankers Trust and Lynch, Jones & Ryan.

Earnings forecast for the Forbes 500

Earnings momentum	Company	—Estimated earnings per share*— 1982	1983	% change	Estimate confidence factor	Recent price	P/E based on 1983 estimate	—Analysts' ratings— buy-sell opinion	confidence factor
▲	Bendix	$6.18	$7.30	18%	average	79¾	11	sell	very low
▲	Beneficial Corp	2.73	3.26	19	low	24⅝	8	hold	very low
▲	Bethlehem Steel	–4.87	1.76	NM	very low	18⅝	11	hold	low
▲	Black & Decker	0.86	1.39	62	low	15½	11	hold	very high
▲	Blue Bell	3.18	4.18	31	average	32¾	1	hold	very high
▲	Boeing	2.29	2.85	24	very low	27	9	hold	low
▲	Boise Cascade	0.33	2.51	661	very low	34¼	14	buy	very high
▲	Borden	5.71	6.64	16	average	40⅛	6	hold	very low
▲	Borg-Warner	4.13	5.04	22	average	34¾	7	buy	average
▲	Bristol-Myers	5.27	6.03	14	very high	69⅜	12	buy	very high
▲	Brown Group	5.47	6.27	15	average	51¼	8	buy	very high
▲	Brunswick	2.66	4.06	53	average	25⅛	6	hold	very low
▲	Burlington Inds	2.14	3.51	64	low	27¾	8	hold	very low
▲	Burlington Northern	4.93	6.79	38	low	57⅜	8	hold	average
▲	Burroughs	4.41	5.26	19	average	42⅞	8	hold	very high
▲	CBS	5.83	7.02	20	high	53¾	8	buy	average
▲	CPC International	4.96	5.57	12	very high	38	7	buy	average
▲	CSX	7.04	8.70	24	low	57⅛	7	buy	average
▲	Cabot	3.08	3.54	15	average	23⅛	7	NA	NA
▲	Campbell Soup	4.64a	5.11	10	very high	40¼	8	hold	low
▲	Campbell Taggart	2.82	3.23	15	very high	39	12	NA	NA
▲	Carnation	5.08	5.57	10	very high	40¼	7	sell	average
▲	Carolina Power & Light	3.32	3.36	1	average	20¼	6	hold	average
▲	Carter Hawley Hale Stores	1.70	2.33	37	average	15½	7	sell	high
▲	Castle & Cooke	0.18a	0.77	328	very low	9½	12	sell	high
▲	Caterpillar Tractor	0.39	2.95	656	very low	39⅜	13	sell	average
▲	Celanese	3.57	6.32	77	low	53⅛	8	sell	average
▲	Celeron	3.54	4.12	16	high	22⅝	5	hold	low
▲	Central & South West	2.69	2.85	6	very high	17⅜	6	hold	high
▲	Central Soya	1.28a	1.76	38	very low	14	8	buy	very high
▲	Champion International	0.48	1.71	256	very low	21¼	12	buy	high
▲	Chase Manhattan	8.60	12.20	42	average	54½	4	buy	average
▲	Chemical New York	8.17	8.58	5	average	42	5	buy	average
▲	Chesebrough-Pond's	3.63	4.17	15	high	42	10	sell	very high
▲	Chrysler	0.75	2.96	295	very low	9¼	3	hold	very low
▲	Chubb	5.50	7.09	29	low	46½	7	hold	low
▲	CIGNA	6.40	7.26	13	average	44½	6	buy	average
▲	Citicorp	5.28	5.90	12	average	38½	7	buy	high
▲	Cities Service	3.07	3.65	19	low	48⅜	13	sell	high
▲	City Investing	3.71	4.41	19	low	25¾	6	buy	very high
▲	Clark Equipment	–1.74	2.04	NM	very low	24⅝	12	sell	average
▲	Coastal Corp	2.76	3.63	32	low	26	7	buy	very low
▲	Coca-Cola	3.97	4.44	12	very high	45	10	buy	average
▲	Colgate-Palmolive	2.56	2.86	12	high	20½	7	hold	average
▲	Colonial Penn Group	1.66	2.34	41	low	16¼	7	sell	average
▲	Colt Industries	2.10	3.99	90	low	30¼	8	buy	low
▲	Columbia Gas System	5.62	6.15	9	average	32¼	5	buy	very high
▲	Combustion Engineering	4.99	5.38	8	high	36½	7	buy	low
▲	Commonwealth Edison	3.58	3.79	6	high	24¼	6	buy	average
▲	ConAgra	2.82	3.51	24	high	26¾	8	hold	low
▲	Consolidated Edison	3.35	3.61	8	high	19	5	buy	average
▲	Consolidated Foods	5.39a	5.78	9	very high	44¾	8	buy	low
▲	Consolidated Freightways	4.59	5.78	26	average	53	9	hold	low
▲	Consolidated Natural Gas	3.71	4.12	11	high	25¼	6	buy	low
▲	Consumers Power	3.23	3.32	3	very high	18¾	6	hold	very high
▼	Continental Corp	3.09	3.05	–1	very low	30⅛	10	hold	average
▲	Continental Group	4.97	5.58	12	average	35¼	6	hold	low
▲	Continental Illinois	3.07	5.69	85	low	21½	4	hold	average
▲	Continental Telecom	2.47	2.74	11	high	18⅝	7	hold	very high
▲	Control Data	4.17	5.01	20	average	37¼	7	buy	average

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Earnings forecast for the Forbes 500

Earnings momentum	Company	—Estimated earnings per share*— 1982	1983	% change	Estimate confidence factor	Recent price	P/E based on 1983 estimate	—Analysts' ratings— buy-sell opinion	confidence factor
▲	Cooper Industries	$3.41	$3.64	7%	low	30½	8	hold	low
▲	Corning Glass Works	2.96	4.86	64	low	60⅜	12	hold	low
▲	Crane	0.79	3.47	339	low	24¼	7	hold	very low
▲	Crocker National	3.70	4.45	20	low	31	7	hold	average
▲	Crown Cork & Seal	3.90	4.44	14	low	29¼	7	hold	average
▲	Crown Zellerbach	0.95	2.10	121	very low	24⅞	12	sell	average
▲	Crum & Forster	4.87	5.54	14	low	50	9	sell	low
▲	Cummins Engine	1.46	7.15	390	very low	40¼	6	hold	very low
▲	Dana Corp	2.35	4.18	78	average	30⅝	7	buy	average
▲	Dart & Kraft	7.85	8.88	13	very high	68	8	buy	average
▲	Dayton-Hudson	3.90	4.63	19	very high	58⅜	13	buy	average
▲	Deere & Co	0.81	2.28	181	very low	29	13	hold	high
▲	Delta Air Lines	0.52a	1.83	252	very low	34⅛	19	buy	average
▲	Detroit Edison	1.92	2.12	10	very high	13	6	hold	very high
▲	Diamond Shamrock	2.42	3.11	29	low	24½	8	hold	very high
▲	Digital Equipment	7.53a	7.52	0	average	97	13	buy	average
▲	Dillingham	2.00	2.43	22	high	15	6	NA	NA
▲	Dillon Cos	2.60a	2.97	14	average	27⅝	9	sell	average
▲	RR Donnelley & Sons	4.63	5.38	16	very high	53	10	hold	low
▲	Dow Chemical	2.11	3.03	44	low	27¾	9	sell	very high
▲	Dravo	0.80	1.45	81	very low	12½	9	NA	NA
▼	Dresser Industries	2.55	2.45	–4	very low	19	8	hold	average
▲	El Du Pont de Nemours	4.16	5.46	31	average	40½	7	hold	average
▲	Duke Power	3.36	3.58	7	very high	21⅝	6	hold	average
▲	Dun & Bradstreet	5.09	6.05	19	very high	91	15	buy	average
▲	Eastern Air Lines	–2.60	–0.09	NM	very low	6¾	NM	sell	low
▲	Eastern Gas & Fuel	3.03	3.85	27	average	20¾	5	buy	average
▲	Eastman Kodak	7.70	9.55	24	average	92¼	10	buy	average
▲	Eaton	2.29	4.16	82	very low	35¼	8	buy	high
▲	Jack Eckerd	1.90a	2.34	23	average	26⅝	11	hold	high
▲	El Paso Co	2.31	3.21	39	very low	18⅞	6	buy	average
▲	Emerson Electric	4.41	4.87	10	very high	59	12	hold	low
▲	Emhart	6.31	7.04	12	average	38¾	6	buy	very low
▲	Engelhard	2.50	3.13	25	very low	29¾	10	buy	low
▲	ENSERCH	3.29	3.69	12	low	22⅜	6	hold	low
▲	Entex	2.25a	2.64	17	average	17¼	7	NA	NA
▲	Esmark	7.69	9.53	24	very high	65	7	buy	average
▲	Ethyl Corp	4.34	5.09	17	average	31¼	6	hold	very low
▲	Evans Products	–1.24	0.63	NM	very low	9⅝	15	sell	high
▼	Ex-Cell-O	3.63	3.42	–6	low	25⅝	7	buy	low
▲	Exxon	4.84	5.44	12	low	31½	6	sell	average
▲	FMC	4.66	5.32	14	high	32½	6	buy	average
▲	Fairchild Industries	2.12	2.39	13	low	17⅜	7	sell	low
▲	Federal National Mtg Assoc	–2.25	1.13	NM	very low	18⅛	16	hold	very low
▲	Federated Department Stores	5.33	6.26	17	high	48¾	8	buy	very high
▲	Firestone Tire & Rubber	0.50	1.68	236	low	13⅝	8	hold	low
▲	First Bank System	6.72	7.23	8	very high	37¾	5	sell	average
▲	First Chicago	3.42	3.91	14	average	21⅝	6	buy	very high
▲	First City Bancorp Texas	4.25	4.91	16	average	24¾	5	hold	very high
▲	First Interstate Bancorp	5.68	6.42	13	average	36	6	hold	high
▲	First National Boston	6.24	6.75	8	high	32⅝	5	buy	low
▲	Fischbach	6.19	6.80	10	average	43	6	buy	very low
▲	Fleming Cos	3.96	4.46	13	very high	38⅜	9	NA	NA
▲	Florida Power & Light	5.13	5.21	2	very high	37⅛	7	buy	very high
▲	Florida Progress	2.40	2.64	10	high	18⅜	7	hold	high
▲	Fluor	2.16	2.44	13	low	23⅛	9	hold	very high
▲	Ford Motor	–2.28	6.45	NM	very low	31⅜	5	buy	very low
▲	Foremost-McKesson	3.87	4.39	13	high	44⅜	10	hold	low
▼	Foster Wheeler	1.88	1.86	–1	low	15⅛	8	hold	very high

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▲	Fruehauf	$–1.58	$3.15	NM	very low	21½	7	NA	NA
▲	GATX	2.97	3.49	18%	low	27½	8	hold	low
▲	GTE	4.64	5.13	11	very high	39	8	buy	high
▲	Gannett	3.40	3.73	10	high	53¾	14	hold	average
▲	General Dynamics	2.48	4.38	77	low	35	8	buy	average
▲	General Electric	7.91	9.06	15	very high	85¼	9	buy	average
▲	General Foods	6.02	6.65	10	high	44	7	hold	average
▲	General Mills	5.13	5.74	12	very high	51¼	9	hold	high
▲	General Motors	3.53	8.87	151	low	54⅜	6	buy	average
▲	General Public Utilities	0.78	1.22	56	very low	5⅜	5	hold	average
▲	General Re	4.71	5.35	14	high	55¼	10	hold	high
▲	General Signal	4.18	4.71	13	average	42¾	9	buy	very high
▲	General Tire & Rubber	2.54	4.12	62	low	27⅜	7	buy	very low
▲	Genuine Parts	2.95	3.47	18	average	41	12	hold	average
▲	Georgia Pacific	1.04	1.71	64	low	23⅞	14	buy	average
▲	Getty Oil	8.28	9.20	11	average	60	7	hold	high
▲	Gillette	4.43	5.16	16	average	46½	9	hold	low
▲	BF Goodrich	1.19	3.63	205	very low	27½	8	buy	very high
▲	Goodyear Tire & Rubber	3.00	4.23	41	average	29⅞	7	buy	low
▲	Gould	2.20	2.93	33	very high	31½	11	sell	very low
▲	WR Grace	6.50	7.14	10	low	41	6	buy	very low
▲	Great Atlantic & Pac Tea	0.65	1.02	57	very low	8¾	9	NA	NA
▲	Great Northern Nekoosa	4.76	6.02	26	average	40½	7	buy	average
▲	Great Western Financial	–1.37	1.88	NM	very low	22½	12	buy	low
▲	Greyhound Corp	2.51	2.89	15	low	15½	5	hold	low
▲	Grumman	3.09	4.79	55	low	43⅞	9	buy	average
▲	Gulf & Western Inds	3.47a	2.70	10	low	16⅝	6	hold	very low
▲	Gulf Oil	5.56	5.86	5	average	32⅞	6	hold	very high
▲	Gulf States Utilities	2.09	2.26	8	high	13⅜	6	hold	high
▲	Halliburton	4.71	5.03	7	low	30⅝	6	buy	very high
▲	Hammermill Paper	3.86	4.49	16	low	28	6	hold	average
▲	Harris Corp	2.42a	2.80	23	average	38⅛	14	hold	very high
▲	HJ Heinz	4.44	4.98	12	very high	38¾	8	hold	high
▲	Hercules	2.22	3.07	38	average	27⅝	9	hold	average
▲	Hershey Foods	6.23	7.10	14	very high	48½	7	buy	low
▲	Hewlett-Packard	3.02	3.62	20	high	64½	18	buy	high
▲	Holiday Inns	2.72	3.47	28	average	37¼	11	buy	average
▲	Honeywell	10.33	11.83	15	average	90¼	8	hold	very high
▲	George A Hormel	2.47	3.60	46	low	24½	7	NA	NA
▲	Hospital Corp of America	3.00	3.76	25	very high	53⅞	14	buy	high
▲	Household International	2.66	3.28	23	average	24⅛	7	hold	very high
▲	Houston Industries	3.59	3.78	5	very high	20¼	5	buy	low
▲	Houston Natural Gas	6.46a	6.92	7	average	33⅜	5	buy	average
▼	Hughes Tool	3.36	3.26	–3	very low	19⅞	6	hold	very high
▲	Humana	2.14a	2.74	28	very high	40	15	buy	high
▲	IC Industries	3.78	4.95	31	average	32¼	7	sell	very low
▲	IU International	1.50	2.24	49	high	17	8	buy	average
▲	Ingersoll-Rand	3.45	4.68	36	very low	43⅝	9	hold	very high
▲	Inland Steel	–3.27	1.58	NM	very low	25¾	16	hold	very low
▲	InterFirst	4.22	4.71	12	average	27⅜	6	buy	very high
▲	International Bus Mach	6.99	8.20	17	very high	82¾	10	buy	very high
▲	International Harvester	–37.99	–12.38	NM	very low	4	NM	sell	high
▼	International Min & Chem	4.96a	3.68	–22	low	34	9	NA	NA
▲	International Multifoods	4.52	5.06	12	very high	29⅞	6	hold	high
▲	International Paper	3.01	4.28	42	low	48⅝	11	hold	average
▲	International Tel & Tel	4.38	5.06	16	average	30¾	6	buy	very low
▲	InterNorth	4.67	5.32	14	average	29	5	sell	very high
▲	Irving Bank	9.65	10.58	10	low	44¼	4	hold	very low
▲	Jewel Companies	6.43	6.81	6	very high	46⅛	7	hold	average

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▲	Johnson & Johnson	$2.79	$ 3.37	21%	average	43⅝	13	buy	high
▲	Johnson Controls	3.73	4.11	10	average	30	7	buy	very low
▼	Joy Manufacturing	4.46	3.46	–22	very low	25⅞	7	hold	low
▲	K mart	2.17	2.73	26	average	23⅜	9	hold	very high
▲	Kaiser Alum & Chem	–1.85	0.87	NM	very low	14⅜	17	sell	average
▲	Kellogg	3.00	3.32	11	very high	27⅞	8	sell	average
▲	Kemper	5.72	6.23	9	low	34⅜	6	hold	high
▲	Kerr-McGee	3.71	4.24	14	low	34	8	buy	very high
▲	Kidde	3.92	4.36	11	high	22	5	buy	high
▲	Kimberly-Clark	9.15	9.69	6	average	77	8	buy	low
▲	Knight-Ridder Newspapers	3.13	3.71	19	high	41½	11	hold	very high
▲	Koppers	0.77	1.56	103	low	14¾	9	sell	high
▲	Kroger	5.18	5.87	13	average	44½	8	hold	very low
▲	LTV	–0.49	1.60	NM	very low	11	7	hold	low
▲	Lear Siegler	4.16a	4.24	2	high	34¼	8	buy	average
▲	Levi Strauss	3.10	4.29	38	average	33½	8	buy	very low
▲	Eli Lilly	5.49	6.31	15	very high	60⅞	10	hold	high
▲	Lincoln National	6.15	6.99	14	average	43⅞	6	hold	average
▼	Litton Industries	7.54a	7.41	–2	average	55⅜	7	hold	very low
▲	Lockheed	9.98	11.14	12	high	82⅝	7	buy	low
▲	Long Island Lighting	2.62	2.66	2	very high	17⅜	7	hold	very high
▲	Louisiana Land & Explor	2.39	2.90	21	low	23¾	8	sell	low
▲	Lucky Stores	1.88	2.26	20	average	15⅞	7	buy	very low
▲	MCA	6.60	6.83	3	average	72⅞	11	hold	low
▲	RH Macy	4.11a	4.65	13	average	52¼	11	buy	very high
▲	Malone & Hyde	1.76a	1.98	13	average	23⅜	12	NA	NA
▲	Manufacturers Hanover	7.47	8.02	7	average	39¼	5	hold	high
▲	Manville	– 0.44	1.09	NM	very low	5¾	5	sell	low
▲	MAPCO	3.11	3.69	19	low	28⅝	8	sell	very low
▲	Marriott	3.50	4.41	26	very high	51¼	12	buy	average
▲	Martin Marietta	3.45	4.96	44	average	42	8	hold	low
▲	Mattel	3.70	3.93	6	average	21⅝	6	hold	low
▲	May Department Stores	4.65	5.28	14	high	37¼	7	buy	very high
▼	McDermott	3.28	2.88	–12	very low	19	7	hold	low
▲	McDonald's	5.05	5.85	16	very high	59¾	10	buy	low
▲	McDonnell Douglas	5.30	6.08	15	average	42¾	7	hold	high
▲	McGraw-Edison	3.77	4.79	27	average	34	7	buy	high
▲	McGraw-Hill	4.49	5.20	16	very high	66	13	buy	low
▲	Mead	0.00	1.96	NM	very low	19¼	10	sell	average
▲	Mellon National	6.81	7.36	8	very high	44	6	buy	average
▲	Melville	5.80	6.76	17	high	63	9	buy	high
▲	Mercantile Stores	10.86	12.40	14	very high	91⅞	7	buy	very low
▲	Merck & Co	5.86	6.75	15	high	82½	12	buy	high
▲	Midcon	4.53	5.14	13	average	28	5	hold	average
▲	Middle South Utilities	2.36	2.50	6	very high	15	6	sell	low
▲	Minnesota Mining & Mfg	5.67	6.74	19	average	74¾	11	buy	low
▲	Missouri Pacific	11.71	13.08	12	high	78	6	buy	very high
▲	Mobil	3.82	4.93	29	average	26⅜	5	buy	very high
▲	Monsanto	9.44	11.52	22	average	82¾	7	buy	high
▲	JP Morgan	10.07	10.89	8	average	68½	6	buy	very high
▼	Morrison-Knudsen	3.81	3.69	–3	low	25⅜	7	buy	very low
▲	Motorola	4.78	6.43	35	average	85⅛	13	hold	very high
▲	Murphy Oil	4.24	4.68	10	average	26	6	buy	very low
▲	NCR	7.79	9.31	20	average	79¾	9	hold	high
▲	NBD Bancorp	5.86	6.39	9	high	27¾	4	NA	NA
▼	NL Industries	4.13	3.72	–10	low	20⅜	5	hold	low
▲	Nabisco Brands	4.76	5.34	12	very high	40½	8	hold	average
▲	National Can	2.98	3.35	12	low	19⅝	6	sell	high
▲	National Distil & Chem	2.75	3.42	24	low	25¾	8	hold	high

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▲	National Semiconductor	$0.82	$2.14	161%	very low	24¼	11	hold	average
▲	National Steel	–6.90	1.37	NM	very low	16½	12	sell	low
▲	Natomas	3.48	4.38	26	average	19⅜	4	hold	very high
▲	New England Electric Sys	4.36	4.51	3	high	29½	7	hold	very high
▲	Niagara Mohawk Power	2.54	2.63	4	average	15¾	6	hold	average
▲	NICOR	4.67	5.64	21	average	28¾	5	hold	high
▲	Norfolk Southern	7.92	9.33	18	average	64⅜	7	buy	average
▲	North American Philips	5.85	6.93	18	low	46¼	7	NA	NA
▲	Northeast Utilities	1.75	1.84	5	average	11⅞	6	hold	low
▲	Northern Indiana Pub Svc	1.52	1.82	20	average	12⅞	7	hold	average
▲	Northern States Power	4.49	4.66	4	high	29⅝	6	buy	very high
▲	Northrop	–0.03	6.95	NM	low	74⅜	11	buy	average
▲	Northwest Airlines	0.83	2.80	237	low	39⅛	14	buy	average
▲	Northwest Bancorporation	4.35	4.75	9	high	25½	5	hold	high
▲	Northwest Energy	3.59	4.14	13	low	17⅛	4	hold	low
▼	Northwest Industries	10.13	8.13	–20	very low	40½	5	sell	very low
▲	Norton	3.56	4.52	27	low	30¼	7	buy	very high
▲	Norton Simon	2.42a	2.79	15	low	23⅜	8	hold	high
▲	Occidental Petroleum	2.62	3.31	26	very low	22	7	hold	average
▲	Ogden	3.45	4.16	21	average	25⅜	6	buy	average
▲	Ohio Edison	2.10	2.21	5	high	14⅜	7	sell	average
▲	Olin	3.06	4.03	32	high	22¾	6	hold	very high
▲	ONEOK	4.88a	5.43	11	average	29½	5	sell	very high
▲	Owens-Corning Fiberglas	0.57	2.11	270	very low	29⅜	14	sell	average
▲	Owens-Illinois	3.64	4.25	17	high	26¼	6	hold	low
▲	PPG Industries	4.58	5.90	29	average	49⅛	8	hold	high
▲	PACCAR	3.67	8.82	140	average	69½	8	buy	average
▼	Pacific Gas & Electric	4.66	4.57	–2	high	28	6	buy	high
▲	Pacific Lighting	4.40	5.02	14	average	28½	6	hold	very low
▲	Pacific Power & Light	2.98	3.16	6	high	21	7	hold	very high
▲	Pan American World Airways	–2.35	–0.71	NM	very low	3	NM	sell	low
▲	Panhandle Eastern	6.05	6.32	4	average	30½	5	hold	average
▲	Parker-Hannifin	2.12a	2.34	10	very low	20⅞	9	hold	high
▲	Parsons	2.30	2.44	6	high	22½	9	hold	average
▲	Penn Central	3.24	3.72	15	low	28¼	8	NA	NA
▲	JC Penney	5.86	6.66	14	high	51⅛	8	buy	high
▲	Pennsylvania Power & Light	3.34	3.40	2	very high	21⅛	6	hold	average
▲	Pennzoil	3.43	4.18	22	average	34	8	hold	low
▲	Peoples Energy	1.51	1.65	9	NA	9⅞	6	hold	average
▲	PepsiCo	4.11	4.69	14	average	43⅜	9	buy	average
▲	Perkin-Elmer	1.45a	1.75	21	low	28¼	16	hold	high
▲	Petrolane	2.02	2.15	6	high	13⅝	6	hold	low
▲	Pfizer	4.44	5.43	22	average	70⅛	13	buy	very high
▲	Phelps Dodge	–3.07	1.16	NM	very low	27¼	23	hold	high
▲	Phibro-Salomon	4.13	5.24	27	low	48½	9	hold	low
▲	Philadelphia Electric	2.34	2.41	3	high	17	7	sell	very high
▲	Phillip Morris	6.41	7.52	17	very high	61	8	buy	very high
▲	Phillips Petroleum	4.41	5.12	16	average	34¼	7	buy	high
▲	Pillsbury	6.46	7.20	11	average	49	7	hold	low
▲	Pioneer Corp	2.59	3.46	34	low	21¼	6	hold	low
▲	Pitney Bowes	4.50	5.42	20	very high	44¾	8	buy	low
▲	Pittston	1.22	1.70	39	very low	14¼	8	sell	very low
▲	Pneumo	4.65	5.43	17	average	45⅞	8	buy	very high
▲	Polaroid	1.71	2.64	54	low	24½	9	sell	average
▲	Primark	4.01	4.75	18	average	27	6	buy	low
▲	Procter & Gamble	9.39a	10.55	12	very high	114½	11	hold	average
▲	Public Service Co Colo	2.27	2.39	5	very high	16	7	hold	high
▲	Public Service E&G	3.25	3.36	3	high	22⅞	7	hold	high
▲	Quaker Oats	5.81a	6.28	8	high	46⅛	7	buy	high

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Institutional Brokers Opinion Survey (IBOS)—a service of Bankers Trust and Lynch, Jones & Ryan

Earnings forecast for the Forbes 500

Earnings momentum	Company	Estimated earnings per share* 1982	1983	% change	Estimate confidence factor	Recent price	P/E based on 1983 estimate	Analysts' ratings buy-sell opinion	confidence factor
▲	RCA	$1.98	$2.47	25%	average	25⅛	10	hold	low
▲	Ralston Purina	1.73	2.04	18	high	16⅝	8	buy	high
▼	Raymond International	1.71	1.57	–8	average	12⅜	8	hold	very high
▲	Raytheon	3.98	4.52	14	high	48	11	hold	average
▲	Republic Airlines	–0.65	1.13	NM	very low	6	5	hold	very low
▲	Republic Steel	–10.26	1.42	NM	average	17⅛	12	sell	very low
▲	RepublicBank Corp	5.79	6.41	11	NA	32	5	hold	high
▲	Revco DS	2.87	3.39	18	very high	43¾	13	hold	low
▲	Revlon	3.15	3.78	20	average	29	8	hold	very high
▲	Rexnord	0.22	1.03	368	very low	12¼	12	buy	very low
▲	RJ Reynolds	7.67	8.38	9	high	56	7	buy	high
▲	Reynolds Metals	0.75	2.09	179	very low	24⅞	12	sell	average
▲	Richardson-Vicks	2.74a	3.47	27	high	29	8	hold	very high
▲	Roadway Services	3.78	4.60	22	average	57	12	sell	average
▲	Rockwell International	4.28	5.01	17	very high	43	9	hold	average
▲	Rohm & Haas	6.20	7.69	24	average	70½	9	hold	very high
▲	Ryder System	3.96	4.30	21	high	45⅛	9	buy	low
▲	SCM	3.01a	4.71	56	average	29⅝	5	hold	very low
▲	Safeco	5.35	5.91	10	low	43⅛	7	hold	low
▲	Safeway Stores	4.96	5.48	10	average	42⅞	8	hold	very low
▲	St Paul Cos	8.23	8.66	5	average	59⅛	7	buy	average
▲	St Regis Paper	1.97	2.81	43	very low	25⅛	9	hold	very high
▼	San Diego Gas & Electric	2.74	2.64	–4	high	17	6	hold	low
▲	Santa Fe Industries	2.43	3.11	28	low	23¼	7	buy	very high
▲	Schering-Plough	3.57	3.96	11	very high	37¾	10	hold	very high
▲	Scott Paper	2.17	2.67	23	low	20	7	sell	low
▲	Seafirst Corp	–0.78	3.25	NM	very low	16½	6	hold	low
▲	Sears, Roebuck	2.35	2.73	16	average	27⅝	10	hold	average
▲	Security Pacific	7.31	7.90	8	high	43¼	5	hold	high
▲	Shell Oil	5.15	5.78	12	average	44¼	8	hold	very high
▲	Sherwin-Williams	3.67	4.54	24	average	37	8	hold	low
▲	Signal Cos	1.77	2.82	59	low	22⅝	8	buy	high
▲	Singer	0.56	2.31	313	very low	16⅝	7	buy	very low
▼	Smith International	4.23	3.99	–6	very low	24	6	hold	high
▲	SmithKline-Beckman	5.75	6.87	19	very high	74½	11	buy	high
▲	SONAT	5.00	5.67	13	very high	30⅝	5	buy	very high
▲	Southern California Edison	4.90	5.58	14	very high	33⅞	6	buy	high
▲	Southern Company	2.17	2.19	1	average	15⅜	7	hold	high
▲	Southern Pacific	3.42	4.58	34	very low	41¼	9	sell	very high
▲	Southland	4.43	5.02	13	very high	42½	8	hold	average
▲	Sperry Corp	4.02	4.82	20	low	28⅜	6	sell	low
▲	Square D	2.89	3.36	16	average	31½	9	hold	high
▲	Squibb	3.00	3.47	16	very high	44⅛	13	hold	average
▲	AE Staley Manufacturing	2.98	3.08	3	very low	19½	6	hold	low
▲	Standard Oil (California)	3.92	5.25	34	low	35	7	buy	very high
▲	Standard Oil (Indiana)	6.05	6.94	15	average	46	7	buy	very high
▲	Standard Oil (Ohio)	7.45	7.66	3	high	39¼	5	buy	very high
▲	Stauffer Chemical	2.99	3.49	17	average	24¾	7	hold	very high
▲	Sterling Drug	2.21	2.54	15	high	28	11	hold	very high
▲	JP Stevens	1.40	2.23	59	very low	18	8	sell	low
▲	Stop & Shop Cos	6.54	7.75	19	very high	54¼	7	NA	NA
▲	Sun Inc	4.66	5.63	21	average	36⅞	7	hold	average
▲	Super Valu Stores	1.98	2.32	17	high	24⅜	11	NA	NA
▲	Superior Oil	2.50	2.88	15	average	32	11	hold	low
▲	Supermarkets General	4.23	4.74	12	high	35¼	7	buy	high
▲	Swift Independent	5.09	5.30	4	average	23⅝	4	NA	NA
▲	Sysco	1.71a	2.02	18	very high	33¾	17	hold	average
▲	TRW	5.90	7.04	19	high	64⅝	9	hold	average
▲	Tandy Corp	2.17a	2.75	27	average	43⅜	16	buy	high

*For fiscal years ending June through May of the following year. a: actual earnings. NA: Not available. NM: Not meaningful.

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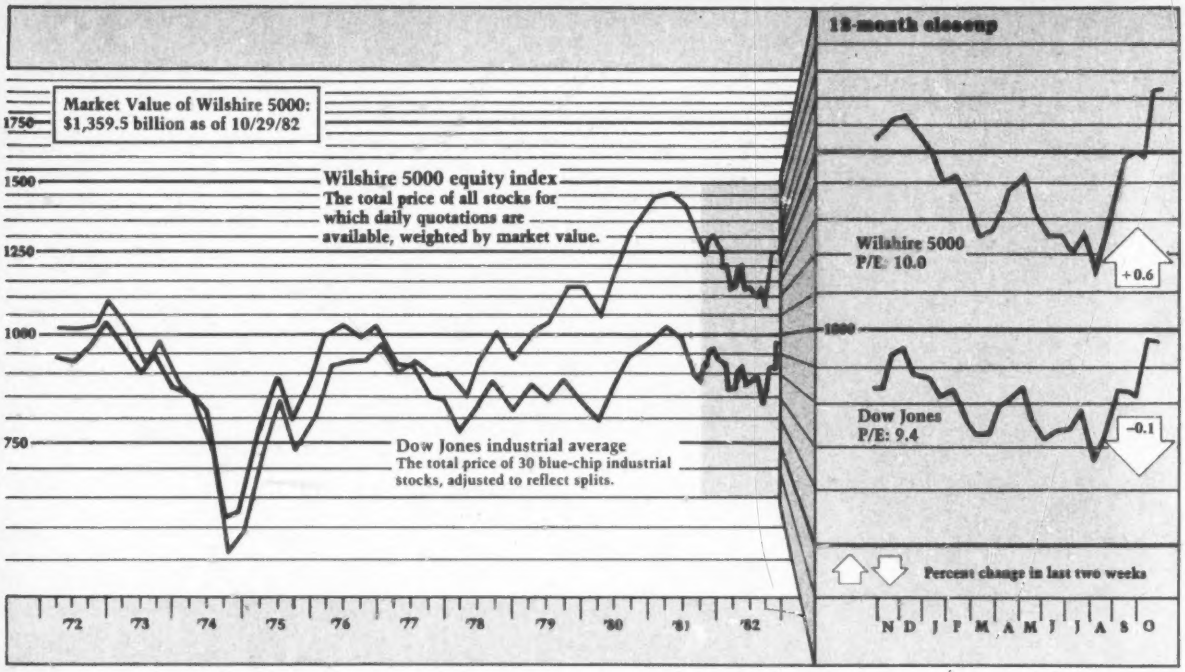
Earnings momentum	Company	—Estimated earnings per share*— 1982	1983	% change	Estimate confidence factor	Recent price	P/E based on 1983 estimate	—Analysts' ratings— buy-sell opinion	confidence factor
▲	**Teledyne**	$16.33	$18.91	16%	average	135	7	buy	high
▲	**Tenneco**	5.60	6.34	13	average	34	5	hold	average
▲	**Tesoro Petroleum**	2.62	4.20	60	very high	17	4	NA	NA
▲	**Texaco**	5.52	6.42	16	low	32⅝	5	sell	very high
▲	**Texas Comm Bancshares**	5.35	5.89	10	average	38⅛	6	buy	average
▲	**Texas Eastern**	8.21	9.49	16	average	56¼	6	hold	average
▲	**Texas Gas Transmission**	5.84	6.61	13	average	30⅞	5	hold	very high
▲	**Texas Instruments**	5.84	9.24	58	low	118⅛	13	buy	high
▲	**Texas Oil & Gas**	2.60a	3.34	28	average	35¾	11	buy	average
▲	**Texas Utilities**	3.70	3.89	5	very high	25	6	buy	high
▲	**Textron**	2.34	3.25	39	low	26½	8	hold	high
▲	**Tiger International**	–2.41	–0.61	NM	very low	8¾	NM	sell	very low
▲	**Time Inc**	2.66	3.41	28	average	47⅝	14	buy	average
▲	**Times Mirror**	3.74	4.74	27	average	58⅜	12	buy	high
▲	**Timken**	4.12	5.84	42	very low	52⅜	9	hold	very low
▲	**Tosco**	1.44	2.32	61	very low	16	7	NA	very high
▲	**Trans World**	1.23	3.66	198	very low	23⅞	7	buy	average
▲	**Transamerica**	3.33	3.83	15	average	23½	6	buy	average
▲	**Transco Energy**	6.28	6.80	8	average	37	5	hold	average
▲	**Travelers**	3.70	4.16	12	average	24⅝	6	hold	average
▲	**UAL**	–1.55	2.32	NM	very low	27	12	hold	average
▲	**USF&G**	4.44	5.20	17	very low	45	9	sell	average
▲	**Union Camp**	5.38	6.43	20	average	61¾	10	hold	low
▲	**Union Carbide**	6.37	8.28	30	average	57	7	hold	very high
▲	**Union Electric**	2.11	2.18	3	very high	13⅜	6	sell	low
▲	**Union Oil Co of Calif**	4.62	5.19	12	high	30¾	6	buy	very high
▲	**Union Pacific**	3.81	4.90	29	average	49⅜	10	hold	average
▲	**Uniroyal**	0.73	1.46	100	low	9⅝	7	buy	very low
▲	**United Energy Resources**	7.87	8.67	10	average	31¼	4	hold	low
▲	**USAir**	2.84	3.48	23	low	25¾	7	buy	average
▲	**United States Gypsum**	2.31	3.51	52	low	46¼	13	buy	average
▲	**United States Steel**	–0.71	2.62	NM	very low	21⅛	8	sell	low
▲	**United Technologies**	6.60	7.65	16	average	56¾	7	buy	high
▲	**United Telecommunications**	2.75	3.04	11	high	21½	7	buy	average
▲	**Upjohn**	4.77	5.32	12	average	51¾	10	sell	high
▲	**Valero Energy**	3.34	4.18	25	low	22½	5	hold	very low
▲	**Virginia Electric & Power**	2.10	2.25	7	high	14⅛	6	hold	average
▲	**Wal-Mart Stores**	1.71	2.27	33	high	40⅛	18	buy	low
▼	**Walgreen**	3.73a	3.32	–11	very high	50¼	15	hold	very low
▲	**Jim Walter**	0.29a	1.27	338	very low	30½	24	hold	average
▲	**Warner Communications**	5.43	6.66	23	high	53⅞	8	buy	average
▲	**Warner-Lambert**	2.16	2.50	16	very high	27⅝	11	sell	very high
▲	**Wells Fargo**	5.42	5.84	8	low	29⅜	5	hold	very high
▲	**West Point-Pepperell**	4.01a	4.44	11	low	36	8	hold	very low
▲	**Westinghouse Electric**	4.98	5.58	12	high	36¾	7	buy	high
▲	**Westvaco**	2.48	3.18	28	low	25⅛	8	hold	average
▲	**Weyerhaeuser**	1.13	2.23	97	low	33½	16	hold	high
▲	**Wheelabrator-Frye**	5.25	5.67	8	average	43⅜	8	buy	low
▲	**Whirlpool**	3.65	4.31	18	average	42¼	10	hold	low
▲	**White Consolidated Inds**	2.20	3.21	46	very low	33⅛	10	hold	very low
▲	**Whittaker**	4.14	4.74	14	low	25¾	5	buy	average
▲	**Williams Cos**	1.33	1.96	47	very low	18	9	sell	low
▲	**Winn-Dixie Stores**	4.18a	4.54	9	very high	45	10	sell	average
▲	**Wisconsin Electric Power**	3.43	3.61	5	high	24⅜	7	buy	high
▲	**Witco Chemical**	3.49	4.35	25	average	26½	6	buy	high
▲	**FW Woolworth**	2.22	2.89	30	low	25	9	hold	very high
▲	**Xerox**	5.24	5.72	9	low	37¾	7	hold	low
▲	**Zayre**	4.14	5.07	22	average	51	10	buy	very low
▲	**Zenith Radio**	0.23	0.80	248	very low	13¾	17	sell	very low

*For fiscal years ending June through May of the following year. a: actual earnings. NA: Not available. NM: Not meaningful.

Sources: Institutional Brokers Estimate System (IBES), Lynch, Jones & Ryan.
Institutional Brokers Opinion Survey (IBOS)—a service of Bankers Trust and Lynch, Jones & Ryan.

The Forbes/Wilshire 5000 Review



Blue-chip profit taking. When the Dow crosses 1000, it is a signal to many investors to cash in on some of their gains. This is just what happened over the last two weeks. Undoubtedly, some of the newfound profits moved into secondary issues. The Dow fell 0.1% while NASDAQ and Amex stocks advanced 4% and 1.9%, respectively. For the last month the secondary issues are several percentage points ahead of the Dow and the NYSE.

In mid-August the price/earnings ratio of the broad-based Wilshire was around 7. The Wilshire is now selling at 10 times earnings. That's pretty high by current standards, but Wall Street now looks for higher earnings next year. Should corporate earnings continue to deteriorate, this multiple would look very dicey.

Of the investor yardstick groups, high and low P/E stocks were in demand as buyers sought out both growth and potentially undervalued situations. High-growth issues, in particular, advanced 19% over the last four weeks. The least favored groups, low-volatility and high-yield stocks, nevertheless managed gains of 8% or better.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	10.2	9.1	9.3	9.9	13.0	12.7
in last 52 weeks	7.8	NA	16.3	8.9	2.5	8.9

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	17.3	8.0	13.7	14.5	8.1	15.5	19.0	9.6	11.2	11.9
in last 52 weeks	18.2	19.9	2.9	30.4	21.2	27.7	21.9	21.1	12.2	12.0

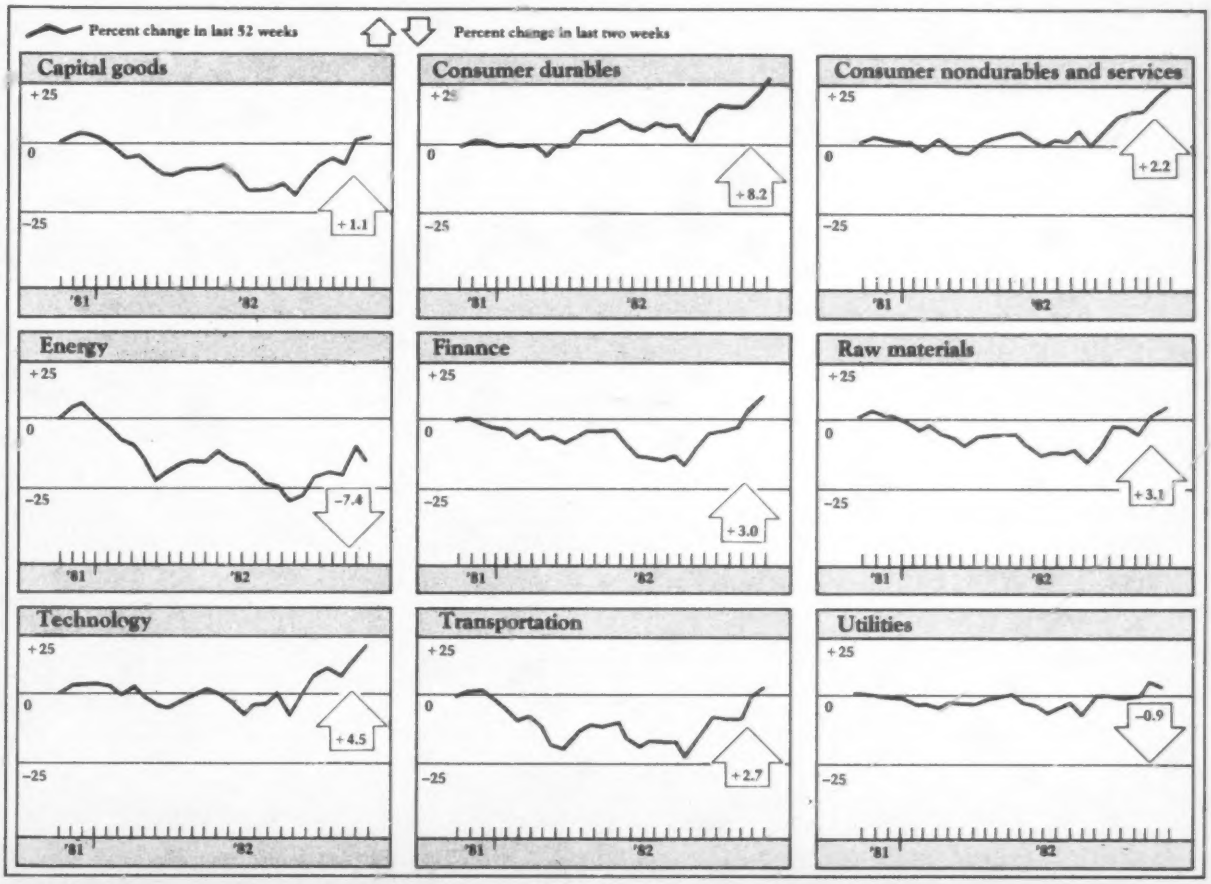
NA: Not available.
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 10/29/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Auto sales down, stocks up. While the public shunned Detroit's cars, investors were buying its stock. Over the last two weeks General Motors and Ford both registered more than 10% gains, and this helped propel consumer durables to lead all nine sectors with an 8.2% advance.

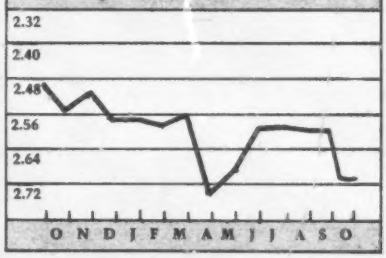
Technology issues held on to a 4.5% gain. Several NASDAQ computer stocks such as Apple, Convergent Technology, Intel and Tandem were especially hot during the first half of the recent two-week period. On the other hand, energy issues once again fell out of favor as they went from a 13.8% gain in the previous report to a 7.4% loss over the last two weeks.



What The Analysts Think

An unusual bottom-dweller. Again analysts placed consumer durables at the bottom of their buy list. Yet for the last two and four weeks, consumer durables show the greatest market gains. And though this sector ranked last, current analyst opinion (1 is a strong buy, 5 a strong sale) has improved from two weeks ago.

The experts' consensus



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Technology	2.43	1	1
2	Capital Goods	2.53	4	3
3	Utilities	2.66	2	2
4	Energy	2.75	7	6
5	Finance	2.76	3	4
6	Consumer Non-Durables	2.78	5	5
7	Transportation	2.80	8	8
8	Raw Materials	2.81	6	7
9	Consumer Durables	2.90	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 10/29/82. Prepared by Wilshire Associates, Santa Monica, Calif

the volatile oil stocks for long-term purchase these days, but as the summer's meteoric market levels off there may be trading opportunities in oils to watchers of spot oil and heating oil futures prices.—P.S.M.

Streetwalker

Congratulations! You are bankrupt

Bankruptcy, like divorce, has lost its stigma in America. The federal bankruptcy law permits managements of companies who seek refuge under Chapter 11 of the Bankruptcy Act to continue running things; there's no pain in the executive suite. It's turning into a convenient way to stall inconvenient creditors. We're not talking about a real bankruptcy like the one that threatens International Harvester, but a tactical move like the Manville Corp. proceedings.

Now comes Revere Copper & Brass Inc., which some Wall Streeters think may have similar motives. It isn't asbestos lawsuits that are the encumbrance but lawsuits over contracts rising out of Revere's shuttered Scottsboro, Ala. aluminum plant. Revere is under contract to pay TVA nearly $17 million a year for power it no longer uses. It also is under contract to produce an annual 173,000 metric tons of alumina for delivery to Alcoa; Revere loses money on every pound. Sheltered behind Chapter 11, Revere can thumb its nose at both. The Street expects to see more such tactics soon.—P.S.M.

A classic buyback?

J.P. Stevens? A sleepy textile stock? On just two days before the Halloween weekend the $2 billion (sales) textiles giant traded 340,000 shares—more than it usually turns over in an entire month. Stevens closed at 21⅞, a high not reached since 1976.

While Gulf & Western isn't talking, the gray wolf himself, Charles Bluhdorn, may be behind the action. Since spring 1981 the conglomerate has bought 22.5% of Stevens' 14.5 million common outstanding at prices ranging from 12 to 18.

Stevens has all the makings of a classic buyback situation. It still sells at a big discount to book: $33.59 in 1981. When the recovery comes, there is bound to be plenty of profit leverage. Capital spending since 1978 will total $415 million—75% more than the previous five years. A turned-around Stevens could take out G&W at a premium to market, and in the process shrink the float. But Barry Gluck of L.F. Rothschild, Unterberg, Towbin says there's more to Stevens than Bluhdorn: a real turnaround. Gluck predicts $3 next year, double his 1982 estimate. Buyback or investment, Bluhdorn probably can't lose.—**Thomas Jaffe**

Will Telephone broken up be worth more—or less—than Telephone intact? The big problem for shareholders is to figure out which parts will be worth most.

For whom does the bell toll best?

By Richard Phalon

WILL THE SUM of AT&T's parts be equal to more than the whole? The definitive answer should begin to emerge by the end of this month. That's when AT&T is expected to disclose how assets and debt will be distributed among the seven big regional operating companies it plans to spin off to shareholders under the antitrust settlement worked out with the Department of Justice in January.

Pending that unveiling, Wall Street has been crunching numbers already available. The cautious but by no means unanimous opinion is that Telephone unbundled might for openers be worth at least a bit more than the 63¼ high touched several weeks ago. "I think the parts are worth more than the whole," says Leonard Hyman, who covers the industry for Merrill Lynch. "People have underestimated the companies that will be spun off."

That conclusion, of course, involves some assumptions about how the market will react to the eight pieces of paper each of Telephone's 3 million shareholders can elect to own when the breakup, scheduled for early 1984, takes place.

This is how the eight pieces of paper will shape up:

- A basic holding in the parent, which will include all of the long-distance toll business; AT&T's equipment manufacturing arm, Western Electric; the high-technology promise of Bell Labs; and the unregulated right to push into such previously off-limit markets as computer-oriented telecommunications.
- Proportionate holdings in seven regional companies representing about 70% of the Bell system's $140 billion in assets *(see map)*. These seven groups, embracing the 22 operating companies *(see table, p. 248)*, will all be regulated suppliers of local telephone service. Their earnings mix will be enriched by highly profitable Yellow Pages advertising revenues, and the right to market (but not

The Bell regions

Numbers, please

While the distribution of assets and debt among the regional operating companies to be spun off has yet to be disclosed by AT&T, here is a sneak preview of how their potential values compare in terms of earning power per telephone, debt coverage, credit rating and regulatory climate.

Utility	Revenues (millions)	Net income (millions)	Number of telephones	Per telephone revenues	Per telephone net inc	Long-term debt as % of total capital	Pretax interest coverage	S&P's debt rating	Regulatory climate*
Northeast									
New York Telephone	$5,944	$603.8	11,678,000	$509	$52	40.7%	3.75	AAA	BBB
New England Tel & Tel	2,698	296.1	7,110,000	379	42	41.2	3.95	AA+	BB
AVERAGE				**460**	**48**	**40.9**	**3.82**		
Mid-Atlantic									
Bell Telephone Co of Penna	2,204	245.3	7,951,000	277	31	41.5	3.78	AAA	BB
Diamond State Telephone	159	19.5	540,000	295	36	34.9	4.25	AAA	A
Chesapeake & Potomac Tel	3,034	319.0	8,784,000	345	36	36.5	3.60	—†	—†
New Jersey Bell Telephone	2,124	255.5	6,620,000	321	39	36.7	4.22	AAA	A
AVERAGE				**315**	**35**	**38.1**	**3.83**		
Southeast									
Southern Bell Tel & Tel	5,112	618.5	13,035,000	392	47	39.5	3.97	AAA	AA
South Central Bell Telephone	4,094	545.8	10,678,000	383	51	37.2	4.43	AAA	BB
AVERAGE				**388**	**49**	**38.5**	**4.17**		
Great Lakes									
Illinois Bell Telephone	2,710	255.8	8,481,000	319	30	40.0	3.57	AAA	A
Indiana Bell Telephone	851	112.8	2,619,000	325	43	38.5	5.00	AAA	AAA
Michigan Bell Telephone	2,011	198.7	6,280,000	320	32	40.9	3.43	AAA	B
Ohio Bell Telephone	1,709	189.7	5,002,000	342	38	35.8	4.05	AAA	A
Wisconsin Telephone	789	91.7	2,360,000	334	39	40.2	4.25	AAA	AA
AVERAGE				**326**	**34**	**39.3**	**3.84**		
Southwest									
Southwestern Bell Telephone	6,782	781.2	16,993,000	399	46	41.0	4.05	AAA	A
Northwest									
Mountain States Tel & Tel	3,166	369.4	8,114,000	390	46	38.6	3.62	AAA	A
Northwestern Bell Telephone	2,026	256.2	5,656,000	358	45	36.8	4.21	AAA	BBB
Pacific Northwest Bell Tel	1,597	192.3	3,864,000	413	50	38.3	3.95	AAA	BBB
AVERAGE				**385**	**46**	**38.0**	**3.86**		
Pacific									
Pacific Tel & Tel (incl Nevada Bell)	6,819	438.8	16,639,000	410	26	54.6	1.82	A–	BBB

*Estimated by Prudential-Bache Securities Inc.
†Includes Chesapeake & Potomac Tel of District of Columbia, Maryland, Virginia and West Virginia.

manufacture) phone equipment.

Merrill Lynch's Leonard Hyman is not the only analyst who sees promise in AT&T as a "long-term divestiture play." Gerald Morgan of Prudential-Bache Securities Inc. is also among those who believe the parts will be worth more than the whole, and so is Ernest Liu of Goldman, Sachs.

Liu's reasoning goes like this. Post breakup, the erstwhile parent should earn around $4 a share, and as a liberated entry in unregulated telecommunications markets, command a higher multiple than it does now. Even at a modest 8 times earnings, a notch above the present 7 times, that works out to $32 a share. Liu figures the local operating companies are also worth about $32 a share on the current stock, assuming a 10% to 12% return on equity and a 65% to 70% dividend payout.

Among all the assumptions, however, one thing is clear: The market is not going to value all of the regional stocks equally. Telephone has tried evenhandedly to reinforce weaknesses with strength in all the major groups—a top-rated Indiana Bell harnessed to troubled Ohio and Michigan Bell in the Great Lakes region, for example. The market will inevitably take into account such variables as the underlying demographics, debt coverage, and regulatory climate. But geography is geography and prosperity is not evenly distributed. Won't the market demand lower multiples and lower yields of the freestanding Pacific Tel and its tough regulatory climate, for example, than it will of a AAA-rated Southeastern group with lower debt ratios operating in a considerably more amenable regulatory climate?

Those are differences AT&T's 3 million shareholders will have to sort out in terms of their own investment objectives. "I think it would be foolish to hold or sell the entire package," concludes Merrill Lynch's Leonard Hyman. "Some investors will want some pieces of the package; others will want other pieces."

Which pieces to keep, which to sell? The answer is easy enough for investors whose primary objective is growth. "Convert all the regional shares into the new Telephone," says Gerald Morgan of Prudential-Bache. For growth plus income, Morgan suggests a 50/50 weighting between Telephone and the best-situated regionals. For income alone, he thinks selling Telephone and concentrating the proceeds in the four or five best-looking regionals is the answer.

The premise is uncluttered enough. Like most of his colleagues, Morgan thinks the erstwhile parent evolving from utility to industrial status will

plow back a much bigger chunk of its earnings into the business than it does now. That means a lower dividend payout. The regional operating companies, on the other hand, still very much in the utility business, will probably return something under the yields on the average electric company—now around 11%—and trade at somewhat higher multiples.

At the moment, Morgan thinks the Southeast and Mid-Atlantic regions are the best stocks to hang on to and has a sell sign, in descending order, on the Northeast, Southwest and Great Lakes offerings.

Though Morgan's estimates have been shaped in good measure by what he thinks of the regulatory climate in each of the regions, he thinks Pacific Tel might turn out to be something of a sleeper. The company is hung with the albatross of the lowest bond rating in the entire Bell system. Morgan, however, thinks the decidedly populist California regulators have become somewhat more understanding of the highly leveraged Pac Tel's rate problems. He also sees a possible kicker in the prospect that Congress may yet forgive the company a $1.1 billion tax liability that grew out of a disagreement with the Internal Revenue Service over accelerated depreciations allowances.

The market won't value the regional stocks equally. AT&T tried to reinforce weakness with strength in all the groups. Geography is geography; prosperity is not evenly distributed.

Much of the Bell analysis is admittedly informed conjecture and will remain so until AT&T puts the definitive divestiture plan on the table. "We need more information to get a better fix on things," says Morgan.

More precise definition is also coming on the clearinghouse-like operation AT&T plans to set up for shareholders. The aim, says one AT&T spokesman, is a mechanism, maybe including a swap program, that will make it "easy, convenient and inexpensive" to reduce or round out their holdings in the new system. Eight pieces of paper multiplied by more than 3 million shareholders is a blizzard that AT&T would like to hold to manageable proportions—a characteristic start in the evolution of a company that has been trying to do well by its stockholders for better than 100 years. ■

The Money Men

In the venture capital game, the backer often has to be as creative as the entrepreneur he finances. Take Capital Management's Donald Valentine. . . .

Happy Valentine

By James Cook

As far back as 1965, when he was marketing vice president of Fairchild Semiconductor, Donald Valentine knew he wasn't cut out to run companies. Found them, yes. Get them pointed in the right direction and growing, sure. But then Valentine preferred to move on. In time, Valentine and some colleagues at Fairchild started a company of their own, the fabulously successful National Semiconductor. Valentine also began making a series of successful personal investments in outfits like Scientific Data Systems, California Computer Products and Teledyne. "I liked to start companies, not administer them," he says, and so, in 1972, when a group of associates suggested he might like to manage a pool of venture capital, he leaped at the chance.

That's how Capital Management Services, Valentine's venture capital firm, was formed. Capital manages Valentine's venture capital partnerships, and the results have been every bit as successful as Valentine's backers had hoped. Capital concentrates in those technology areas where Valentine, 46, is experienced. "Our whole objective is to get money in at 10 cents and then have somebody buy us out at $20." In reality, Valentine settles for considerably less than that—a not inconsiderable tenfold increase in value over five years.

"We've found by experience," Don Valentine says, "that the total cycle is five years plus three—five years to invest, three years to liquidate, either by selling out or going public, and some period of time to distribute." Sequoia Capital I, his first partnership, was wound up in 1978. Sequoia Capital II went into distribution in September, with an initial spinoff of Tandon Corp. to its partners, and should wind up in three years. Sequoia Capital III, formed last December, is just beginning, with one of its first investments going into Electronic Arts, a firm headed by a former Apple executive.

Capital's ventures are anything but rich folks' toys. Its backers consist solely of multibillion-dollar tax-exempt institutions—the General Electric, Alcoa and Armco pension funds, for example, the Vanderbilt, Yale, Stanford and University of California endowments, the Ford Foundation. "We have no individuals in our partnerships on purpose. We get all the money we want from sources that neither die nor get divorced. It's difficult dealing with an estate because we can't value what we own. We put a million dollars in a company starting out, and in the first 18 months they lost $900,000 of it."

For tax-exempt institutions, venture capital has a lot of appeal. Each of Valentine's institutional investors puts up a million or two. For outfits their size, a heavy loss—even a total loss—would be unpleasant but not catastrophic. If it pays, on the other hand, even the biggies notice. "If we can take a couple million dollars and multiply it by 20," Valentine says, "it can have a meaningful impact."

It has had a meaningful impact for Valentine, who has wound up a multimillionaire. Capital gets 20% of any net gains. Thus far, Capital's compound rate of return has exceeded 50% annually. "You have big gains,"

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Forbes

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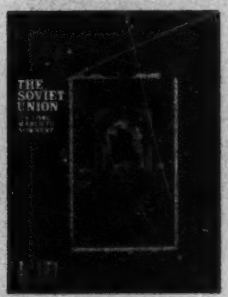

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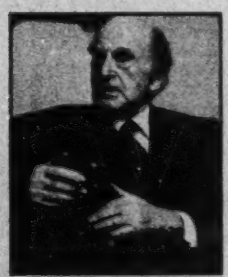

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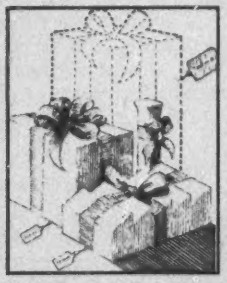

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Illustrations and Charts:
42, 168, Chas. B. Slackman; 236, Tim Newcomb

Cover Art:
Michael Abramson, Courtesy of Ronald Feldman Fine Arts, N.Y.

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $33 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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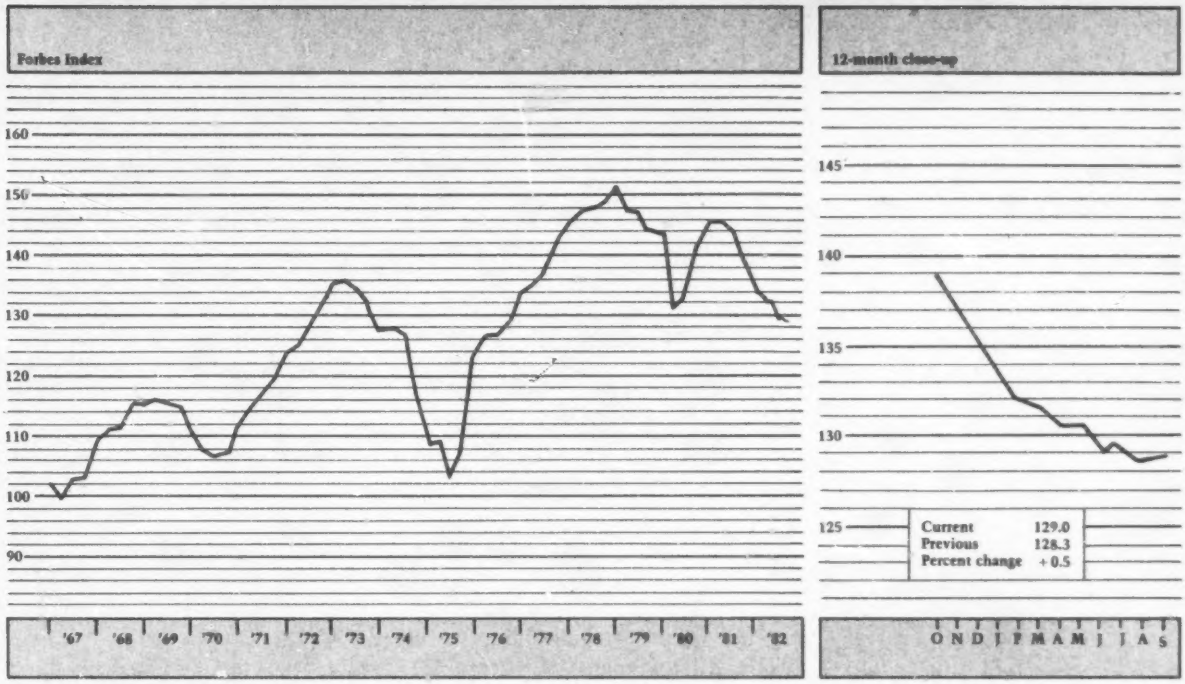
The Forbes Index



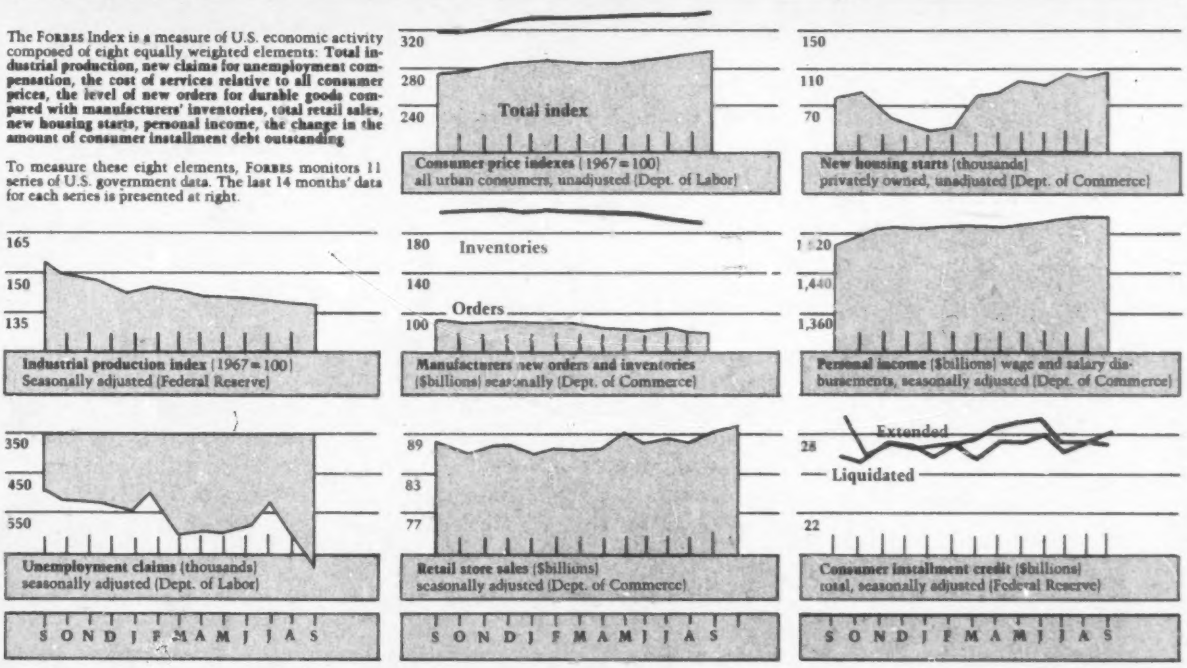
On the upswing. The Forbes Index, after having flattened out during the previous reporting period, is once again on the rise. Good news comes from consumers, who finally appear to be spending. Net credit outstanding increased by a substantial $1.1 billion in September, compared with a much smaller $65 million gain the previous month. Retail store sales, up 5.8%, also provided upward pressure.

Although consumers were loosening their purse strings, personal income remained steady. Similarly, manufacturers' new orders held their own. Inventories, by contrast, dipped by a slight 0.4%. However, negative revisions in unemployment claims and manufacturers' new orders for the previous month made the index look better by comparison this time around.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.**

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



Locked in the contradictions of Marxism-Leninism, Andropov will have no better luck than Brezhnev in dealing with the depression and labor slowdown that are gripping the Soviet Union. Forbidding strikes only drives labor unrest underground.

Why workers won't work in the Soviet Union

By Lawrence Minard and James W. Michaels

We chilled momentarily when a lean young man with Mongolian features glided from a doorway and moved toward us. We were alone and it was a moonless early evening in Alma-Ata, the modern, mountain-girt capital of the Soviet Republic of Kazakhstan. Who was the dim figure? A mugger? A police provocateur?

"Zheans? Zheans?" he hissed, and we relaxed. Just another young Soviet wanting to traffic in American blue jeans. He left quietly when we told him, *"Nyet, nyet."*

Both the jeans-seeker and the night-deserted streets were things we encountered constantly in the period just before Brezhnev's death. The deserted urban streets are a symbol of life under socialism.

In the fundamental economic sense the death of Brezhnev changes nothing. The Soviet economy is in deep recession and the Kremlin is too much the prisoner of its own dogma, its own bureaucracy, to remedy the situation. That's our conclusion after spending nearly a month in the Soviet Union. The country smells of depression.

Why is there no street life at night in Soviet cities? Because even in cities like Moscow there is virtually nowhere to go and nothing to do. W.C. Fields would certainly have preferred Philadelphia. There are few restaurants here and few bars, few movie houses, discos, social clubs, few private cars. The little shops and service establishments that make life interesting and convenient in Western cities are few and far between, most of them run by the state and treating customers as nuisances. The Soviet Union can, when it makes a supreme effort, build giant dams, steel mills and missile launchers. It rebuilt a shattered country twice—after the Revolution and after World War II. But it cannot provide the little amenities of civilized life, because it ruthlessly suppresses the economic vitality and spontaneity that would produce them. Here it is a serious crime to be an entrepreneur. An economy without entrepreneurs is an inefficient society. Suppose the U.S. consisted of giant businesses only?

We knew the Soviet economy was in trouble, far deeper than the economic problems of the West. What we wanted to learn was this: Can the system reform itself? What we heard and saw was not reassuring. Brezhnev's successors face an economic situation that seems beyond repair. An old joke—"They pretend to pay us and we pretend to work"—has become a national slogan. Forbidden to strike for better wages and working conditions, more cowed than its Polish counterpart, virtually the entire Soviet work force has launched a spontaneous slowdown.

There is a clear connection between the deserted streets and the disgruntled workers. The country cannot do more for its workers because it can produce only a subsistent living standard with what is left from paying for its swollen military. A capitalist visitor thinks over and over again: What a difference a little free enterprise would make here, as it already has in socialist Hungary, as it already has in Soviet agriculture. Not only would it quickly expand the gross national product, it would also make life a lot more interesting for ordinary people.

The chief vestige of free enterprise permitted openly in the Soviet Union is the millions of private plots that provide perhaps a quarter of the food consumed by the 270 million Soviet citizens. The right to cultivate such a plot, a third or quarter of an acre, is an inducement to work on a state or cooperative farm. Either singly or through cooperatives, the farmers can sell the produce from their private plots in specially provided markets in cities, towns and villages and they can sell them at something approaching the market price—as much as four times the prices for the generally inferior food in the state stores.

Hold it, though. Free enterprise might prove contagious. So, to hold it down, a farmer must cart his private produce to market and sit there all day until it is sold. Either that or take turns selling as part of a cooperative. That way, in theory, no one lives off the fruits of another's labor. Suppose an enterprising fellow bought an old truck and went from plot to plot collecting produce, hauling it to town and selling it there. For performing such a service he would be thrown into jail. What to us is a useful service is an economic crime in the Soviet Union.

Soviet planning regards entrepreneurs and middlemen as parasites. It refuses to recognize that those who arrange and rearrange resources are as truly productive as those who work with their hands.

Thus a private shopkeeper keeping long hours and offering merchandise at fair prices would be an "exploiter," a criminal.

"Public ownership," writes Leonid Abalkin, prominent Soviet economist, "removes the antagonism of class inter-

Street scene in Moscow
After two-thirds of a century of socialism, the corruption and the dullness are the least of it.

Moscow's high cost of getting by

Russia's central planners keep most consumer prices artificially low. A kilogram of beef, for example, costs $6.60 in Washington but just 12.50 in Moscow—if you can find it, and wait for hours in line to buy it. But the planners keep wages even lower, meaning Russians must work over twice as long to provide themselves with life's necessities. This table converts food prices of basic goods into the working time needed to earn them, assuming these average monthly take-home wages: 171 rubles (=238 at official exchange rate) in Moscow; $984 in Washington; $692 in Munich; $787 in Paris; $738 in London. Conclusion: A family in Moscow must have two workers, or resort to graft.

Weekly basket of consumer goods at Soviet level of consumption (four persons, March 1982)

Item	Quantity	Washington	Moscow	Munich	Paris	London
			minutes of work time			
Flour	1.0 kg	5	28	9	6	6
Bread	7.0 kg	112	119	189	126	175
Noodles	2.0 kg	28	68	32	22	28
Beef	1.0 kg	69	123	150	119	115
Pork	1.5 kg	63	176	150	108	117
Minced beef	1.0 kg	37	123	70	80	63
Sausages	1.0 kg	33	160	75	75	51
Cod	1.0 kg	61	47	45	118	72
Sugar	3.3 kg	30	191	33	30	36
Butter	0.5 kg	28	111	26	24	25
Margarine	2.0 kg	46	222	34	36	64
Milk	12.0 liters	72	264	84	96	108
Cheese	2.0 kg	200	370	130	118	130
Eggs, cheapest	16.0	14	99	22	23	29
Potatoes	9.0 kg	63	63	36	36	27
Cabbage	3.0 kg	27	36	21	27	30
Carrots	1.0 kg	11	19	10	7	15
Tomatoes	1.0 kg	23	62	28	25	32
Apples	1.0 kg	10	92	15	15	23
Tea	0.1 kg	10	53	10	17	5
Beer	3.0 liters	33	48	24	21	54
Gin/vodka	1.0 liter	87	646	106	153	187
Cigarettes	120	54	90	96	48	150
Hours of work time						
Total weekly [illegible] four persons		18.6	[illegible]	25.3	22.2	25.7
Statistically average family of 3.5 persons		16.3	46.8	20.4	19.4	22.5
Beer, monthly		51.0	12.0	24.0	39.0	28.0
Color TV		46.0	288.0	143.0	196.0	184.0
Months of work time						
Small car		3	38	6	9	11
Medium car		4	80	8	12	18

Source: Keith Bush, Radio Liberty Research (Munich)

est stemming from the fact that some classes live off the labor of others." Public ownership carried to its logical extremes also means that there is only one legal employer: the state. It has a monopoly on hiring. "Everyone is supposed to make the same wage, otherwise one worker would be exploiting another," explains a Soviet journalist. This principle, though it is flouted in practice, still heavily influences Soviet wage policies, and helps force the necessary differentials underground in the form of perks and graft.

There is only one supplier, not only of goods but of personal services as well: the state. You take the wages the state offers and the goods it provides at the prices it decides. You have no options, or at least no legal options. This is a nation of trapped people. A few new faces in the Kremlin do nothing to change such things.

The inevitable result is cynicism, alienation—and corruption. A visitor doesn't have to ferret these things out; they are all around him.

In October in Moscow, we hired a taxi for the day from Intourist. Dismissing the driver for a late lunch, we ask him to pick us up at 3:30 in front of the National Hotel. At 3:30 no driver; 3:45 and still no driver. With great difficulty we hire another cab, and arrive at our appointment 20 minutes late.

Back at the hotel we complain about the missing taxi to the Intourist woman. The taxi didn't come back and so we wouldn't pay. Miss Intourist looked us in the eye and claimed the driver was there but we hadn't shown up. She said we were lying. So, we had to pay for two taxis.

Only later did we understand the incident. In his chilling book *USSR: The Corrupt Society*, Russian émigré Konstantin Simis describes the economics of taxi driving in Moscow. As an employee of the state's Intourist agency, a driver is paid about 180 rubles a month ($245 at official rates, $130 at Western bank rates). In practice, however, he doesn't get to take that home to wife and kids. To keep his car going he must bribe mechanics—who need to eat, too. To get a good shift he bribes the dispatcher. And so on until most of the 180 rubles is gone. The taxi driver works for nothing, then? Not quite. His take-home earnings come from off-the-books work. That's clearly what our driver was doing when he was supposed to be working for us.

To keep his car going, the Intourist taxi driver must bribe mechanics—who need to eat, too. To get a good shift he bribes the dispatcher. And so on until most of the 180 rubles is gone. The taxi driver works for nothing, then? Not quite. His take-home earnings come from off-the-books work.

Look at the working time requirements on page 140. They show it costs about 210 rubles a month to feed a four-person family in Moscow. The average take-home there is 171 rubles a month, about enough for three weeks' food. Yet no one is starving. In fact, the average Russian looks a trifle overweight. Well, in most cases the wife works, too. But double the average wage and you still get just enough to eat on, with a bit left over. Rent and utilities are almost free, but there are clothes to buy and a TV set (701 hours of work time) to save for. Inferior vodka costs 6 rubles a bottle now, almost a day's pay. (The good stuff isn't available to the average working stiff at any price.) For what we call "disposable income," for TVs and vodka, the ordinary citizen either does without or resorts to graft.

We're told by a friend that he's getting his Moscow apartment painted. He found a couple of men who work for the state and makes a deal with them. When will they work? On their time off, they claim. But everybody knows that people here think nothing of sneaking away from official jobs to do private work or to stand in queues to get scarce goods. There's always a colleague to cover for you. Where will the paint come from? "I don't ask," the apartment dweller says. Of course, it will be liberated from state supplies, just as much fertilizer for private farm plots is liberated from state farm supplies.

All this in the 66th year of the Soviet state, the net result of two-thirds of a century of socialism. The corruption and dullness are not the worst of it. What is most damaging, in communism's own terms, is the inefficiency that socialism creates in industry.

In Baku, Azerbaijan, we visited the Soviet Union's only factory making window air conditioners. It is full of Japanese and even U.S. equipment, all very efficient by Soviet standards. Proudly, the director tells us he runs a fully integrated shop, making everything on the spot, including—it seems—compressors and motors.

Why does the plant require such a high degree of integration? The engineer replies that it gives them better control of quality. But of course! If he did not make his own components he would have to take what the planners gave him. Depending on outside suppliers in an economy where you can't shop around or reject inferior parts means losing any hope of quality control.

The cooler plant turns out 427,000 window conditioners annually on two shifts. It employs, the director says, 7,300 people. That is an incredible expenditure of labor; about 35 man-hours per machine. We do a bit of arithmetic. If it took an equivalent number of man-hours to build window conditioners in the U.S., they would have to sell for $1,200, about four times the actual price. Yet the Soviets price their air conditioners at only 350 rubles (about $475 at official rates). How? By paying low wages. The Soviet people pay for their system's inefficient use of labor by accepting low wages. At typical Soviet wage rates, a Soviet worker would have to work at least eight weeks to buy the window cooler. Even allowing for much higher taxes and housing costs in the U.S., the American worker could probably buy the machine with the fruits of two weeks' work. A vicious circle: Inefficiency results in low wages which breeds further inefficiency.

"They pretend to pay us and we pretend to work." A FORBES reporter hangs behind during a guided tour of a bottling plant. A forklift is loading cartons into a boxcar. The reporter peers into the boxcar. Three workers are sleeping inside. Were they tired from a second job? Probably just hung over. A foreign resident of Moscow points out that many big construction cranes are operated by women, particularly in the afternoon. "Do you know why?" he asks. "Because many of the men are too drunk to trust with lethal machinery like that."

A cynical Soviet citizen teases an American acquaintance: "We have no unemployment." He adds, smirking: "We have no production, either." The Soviets say they have a labor shortage. Wrong. They have a system that is criminally wasteful of human effort.

Back in the days when Khrushchev threatened to bury us, the Soviet economy was growing at almost 10% annually. Project those figures out for 20 years or so and it was possible to imagine a near-American standard of living in the Soviet Union. First Stalin, then Khrushchev, then

Brezhnev promised a higher standard of living. None of them delivered up to the workers' expectations. Gradually, the idealism, the belief in promises dissipated. The government delivered missiles, not better food or better housing. There is nothing in sight that will enable Andropov and his cronies to do better than Brezhnev.

What's wrong with the theoretical promises of Socialist planning? By the early Seventies, when growth rates dropped in the West, they did in the Soviet Union, too. Marx and Lenin to the contrary, a planned socialist economy was not immune from business cycles. But in the Soviet Union the stagnation came at a much lower level. The Soviet 1971-75 Five-Year Plan achieved only 5.7% growth and the 1976-80 plan, just 4.4%. These, mind you, are official figures. A lot of people think there has been no growth at all since 1979. Cooking the books to hide inflation and meet quotas is quite an art here.

Remember the slogans? From each according to his ability, to each according to his need. I have seen the future and it works. Once there was reason enough for pride. During the Great Depression, when the U.S. had 25% unemployment and smokeless smokestacks, Soviet industry was humming. After WWII, often with bare hands, the Soviet Union was rebuilt from the ruins. Sputnik, in 1957, shook the complacency of the Western world. Even today the Soviet Union can claim the world's two largest dams (Sayanskaya and Krasnoyarsk in Siberia) and the highest production of steel and cement.

It is now clear, however, that the accomplishments were achieved at a cost in human suffering that not even stolid Russians could bear forever. People literally worked at the point of a gun. Life in the Soviet Union before and after the Second World War was more brutal than in the slums of Victorian England—worse than the horrors that outraged Karl Marx. In the end, Stalin may have killed as many Soviet citizens as Hitler did.

Stalin worked with cheap resources, too. The Soviet Union, then relatively undeveloped, had virgin resources in those days. No longer. Digging coal and iron and petroleum in the depths of Siberia is quite a different matter from mining it in the relatively benign climate of the Ukraine.

Moreover, Stalin's gains—and the early Khrushchev gains—were achieved with total disregard for the environment and for industrial safety. Even in the presumably model plants we saw, hardhats were nonexistent and safety goggles rare. The floors were so slippery from grease that a visitor had to watch his step at all times. As for the environment, even the quiescent Soviet press complains about what new pulp factories have done to Siberia's Lake Baikal. Cleanup costs remain to be paid.

The easy resources are gone now. The best of the human resources are funneled into the military. The pistol is no longer held at the heads of ordinary workers; the present despotism is relatively benign. If it still does not permit dissent, it does tolerate laziness and shirking.

Capital, squeezed painfully from a feeble economy, now yields tiny returns. More than $800 billion has been poured into Soviet agriculture in the past 15 years, according to Rand Corp. Sovietologist Dr. Thane Gustafson. Yet the Soviet Union will have to import some 40 million tons of grain from the West this year, vs. 1 million tons in the early 1960s. Old-timers in Moscow say that, in many ways, the standard of living today is lower than in 1965. The slipping standard of living shows alarmingly in the demographic figures. Demography expert Murray Feshbach recently reported that life expectancy is falling in the Soviet Union; 67 years for males in 1964, it was below 62 years in 1980 and falling. American males by contrast can expect to live to 70. (Since getting drunk is one of the few pleasures granted Soviet citizens, it is not surprising that so many of them drink themselves into early graves.) Soviet infant mortality, meanwhile, is rising. It is now about 40 per 1,000 births, nearly four times the U.S. rate and up from 23 per 1,000 a decade ago.

Acutely aware of these failings, the Soviets we met did not boast they would bury us. They were defensive. They admitted their economy was in trouble. But they blamed

Queuing up in Red Square to visit Lenin's tomb
Bad as the present government is, all but the youngest Soviet citizens have known worse. Socialism will not yield easily here to a more open economy and to a consequent better life.

the West, especially the U.S. "You are forcing us to throw our best resources into defense," complains a Ukrainian foreign affairs expert. "You are trying to achieve military superiority and we cannot let you." He glared: "We have China at our back door and NATO at our front door and you are building strength against us in the Persian Gulf." He went on and on in this self-righteous way. We heard the same message repeatedly.

Growth has slowed in the West, too, but the interesting

question is this: Why has the Soviet economy stagnated at such a low level? With 12% of the population working in agriculture, vs. 4% in the U.S., and with a pampering of agricultural labor, why can't the nation feed itself? There is an obvious explanation but the Soviets resist it. Socialism itself is to blame. Understand the system and you quickly understand why.

On the surface, planning in the Soviet Union today is similar to planning in any large bureaucratic American corporation. Every year Russian firms (read: corporate divisional line management) submit their plans for the coming year to the state ministry that oversees them. The ministry also receives information from a network of research institutions (read: corporate planning staff) that are supposed to know, say, how many tractors or tons of fertilizer are needed to produce next year's planned wheat crop. A draft plan is hammered out and submitted to the Council of Ministers. The council revises the draft and issues it to central planners Gosplan (top management). Gosplan's bureaucracy makes its revisions and then sends the plan back down through the channels. In theory, at least, even workers are consulted.

At every step the firms argue with the institutes and their ministries and all the local committees that have the right to intervene; the ministries argue with the Council of Ministers; everybody argues with Gosplan. Any American corporate bureaucrat could identify with Dr. Alayev Borisovich, deputy director of the Council for Studies of the Productive Forces, which advises Gosplan, when he says: "It takes a lot of blood, nerves and energy to prepare a plan."

In U.S. business the problems are relatively simple. They cover a single business, and a business that has many options. But in the Soviet system, if anything goes wrong anywhere in the economy—the weather is bad, a bridge collapses—the entire plan is thrown off and there isn't time to draw a new one. Says Dr. Borisovich, "When the plan becomes law, you can't budge it with a bulldozer. If it loses one element, that sets off a chain reaction that distorts another element and another and another, on down the line." This is one reason why grain embargoes and the pipeline sanctions hurt the Soviet economy so much. They throw plans out of kilter.

Suppose you are the manager of a Russian tractor factory. You know that despite the plethora of economic "reforms" introduced during the last 20 years, you will ultimately be judged by how many machines you grind out. You know, if you really push, you could produce 100,000 tractors. But why risk failure? So you tell your ministry your maximum output is 50,000. Up that figure goes through the channels. Back down comes an order to produce at least 75,000. You feel better; 75,000 should be achievable.

That 75,000 tractors becomes your output target. But you need labor and raw materials to meet the target. There is no free, decentralized market on which to buy inputs; the planning process must allocate them to you, based in part on your request. You don't trust your suppliers to deliver what you really need. You don't trust your workers to show up on time, fit for work. So for inputs you lie again. You tell the ministry you need more inputs than you know you need. You won't get everything you ask for. But you might get enough to fulfill your target.

> The easy resources are now gone. The best of the human resources are funneled into the military. The pistol is no longer held at the heads of ordinary workers; the present despotism is relatively benign. If it still does not permit dissent, it does tolerate laziness and shirking.

And if you don't? Every sensible factory manager has on his staff payroll *tolkachi* (expediters). If late supplies of tires are threatening your ability to meet the plan, you dispatch your *tolkachi* (armed with cognac and rubles) to the tire factory to secure the needed tires. Or you may even get together with other managers who need certain easy-to-make inputs (screws, say, or connectors) and build a totally illegal factory. Many such exist in the Soviet Union, just as many other factories exist only on paper. There are even phantom workers—"dead souls," Konstantin Simis calls them, after Gogol. The managers do not necessarily pocket the dead souls' pay packet; frequently the money goes into a slush fund for getting around the rigidities of the planning process.

The reader smiles: Such hanky-panky isn't unknown in the U.S. But what makes such finagling especially damaging in the Soviet Union is the disinformation it creates for the planning process. In the case of the hypothetical tractor factory, the central planners do not know its true capacity or its true input requirements. Nor do they have effective means of measuring quality—something that the market takes care of in market economies. So far as Soviet planning is concerned, it's garbage in, garbage out.

In a market economy, useful information is transmitted by market prices. If OPEC creates an oil shortage, the price of oil rises, indicating that oil has become a (relatively) scarce resource. The new price signals the need to raise your product prices (if possible) or cut oil consumption.

Prices in the Soviet Union cannot play this role. There is no market to set prices; prices are set by the planners, essentially on the basis of cost, plus something for profit, the way our military contracts have been priced.

At Alma-Ata we visit a carpet factory. It is run by a brisk and efficient woman, Klara Nijasbayeva. By American standards it is quite small, producing about 1.2 million square yards per year with 1,100 workers. Carpets are in great demand in the Soviet Union, and these seem of good quality. Nijasbayeva says she could easily sell many times the current output if she had the capital and resources. She is having trouble keeping workers, too. Any good Capitalist Tool knows the solution to her problems. Why not raise the price of carpets to what the market will bear, we ask? That way the factory derives extra money for expansion and for bidding raw material and workers away from other factories. The director shakes her head. "*Nyet, nyet.* That would be unfair to workers in other factories. One worker would be exploiting another." In theory no one gets exploited, but few people get carpets. Those who do manage to get carpets probably bribed a shop employee. Meanwhile, wool and labor that might have gone to make much wanted carpets go instead to make shoddy jackets, which hang neglected and unsold in Moscow's GUM department store.

The carpet factory director volunteers another objection to operating in a free market where she might have to obtain inputs on her own. "Then other bidders might offer higher prices and I might not get the raw materials I need." Life may be hard in the Soviet Union, but at least you don't have to worry about competition.

In such a system, there is little incentive to cut costs. If anything, you might want to increase costs. Glasgow University Professor Alec Nove, himself Russian-born, cites an example drawn from a recent *Pravda*. A compressor factory produced iron rings. A new material, capron, was made available. Capron would have increased the rings' life by a factor of 4, and cut their cost by a factor of 10. But the compressor factory's plan was expressed in gross sales. Switching to the cheaper capron would have cut its revenues by 1 million rubles. Obviously there is no incentive for innovation.

We meet a voluble French salesman in Moscow who is trying to peddle French greenhouse equipment. He is very frustrated. Yes, the state farms want his products; they are seeking ways to lengthen the short growing season for vegetables. But there is so much red tape. First the technical institutes must evaluate the product. Then the local agriculture ministry. Even if those hurdles are crossed, the Ministry of Foreign Trade may say *nyet*. It approves or disapproves payment in foreign currency.

A Westerner cannot help but notice how heavy and cumbersome many Soviet products tend to be. Locks, for example, can be enormous. Why is this so? One explanation is that quotas are frequently set in pounds or tons rather than in units, so you make your quota by building weight into the product. No wonder the Soviet Union is the world's largest steel producer. That its anemic economy requires so much steel is a sign of inefficiency rather than of strength.

Is the answer more powerful computers, bigger input-output tables, fancier linear programs run by smarter planners at the center? The Soviets hope so. A triumph of hope over experience.

One fundamental problem with central planning is that the Soviet economy now produces, according to Professor Nove, over 12 million items. The conceptual difficulties of obtaining meaningful data and writing a meaningful program of that size are mind-boggling. Indeed, the largest known Soviet program consists of 4,000 variables.

Moreover, input-output analyses must assume given technologies. They are inherently conservative. If a new technology comes along that cuts production costs for steel in half, all the input-output "proportions" (in effect, prices) change. The old program becomes meaningless. In other words, planning by input-output analysis in principle tends to discourage innovation. At a time when the West is adapting to the new age of micro-miniaturization, the Soviets are stuck in the age of blast furnaces.

Soviet economists and even Party leaders understand these problems and have for several years now been tinkering with their system. At the Oct. 26, 1981 Communist Party of the Soviet Union meeting, where the 1981-85 plan was approved, Brezhnev himself demanded a program "that establishes precise personal responsibility for every sector of work and gives individuals the necessary authority. Without all this, a program is not really a program but only an expression of good wishes." That sounds like an impressive call for economic reform. In fact it is a restatement of similar exhortations going back over 15 or 20 years.

"We don't have the choice between planning and some other system," says a Gosplan adviser. "Planning comes from our system of property. If the state owns the means of production, we must plan." Good communists that they are, neither Birman nor Borisovich will concede that socialism itself is the problem.

With the so-called Liberman reforms of 1965 (many of which were reintroduced in another "reform" decree in July 1979), the Soviet leaders announced that political rhetoric was inadequate to get workers to show up, sober, on time, or get factory bosses to produce useful products efficiently. Material incentives (or, as the Russians say, "economic levers") are needed.

On paper, the 1965 and 1979 incentives look reasonable enough. There are plan achievement "indicators" that encourage quality production. Others encourage technological innovation. Depending on how the factory fulfills its various indicators, it can retain more profits with which to pay its workers better or buy better machines.

But at every stage such reforms run up against socialist dogma and bureaucratic hurdles. We talked with one of the authors of the 1965 and 1979 reforms, Professor Alexander Birman. "We need a new way of thinking," he said. "For example, we now produce more shoes than America, France and West Germany combined. We don't need more shoes. We need better shoes. But will that happen? It is not guaranteed. And why not?" He pauses, then answers his own question: "The bureaucracy. I say enterprises must be allowed to trade on the basis of mutual agreements instead of on the basis of a rigid central plan. But Gosplan uses shortages as a reason for going slow."

Birman clearly speaks for the reformers. But the reformers don't have things their own way. Dr. Borisovich, the adviser to Gosplan, the central planning agency, speaks for those who defend rigid planning: "We don't have the choice between planning and some other system. Planning comes from our system of property. If the state owns the means of production, we must plan." Good communists that they are, neither Birman nor Borisovich will concede that socialism itself is the problem.

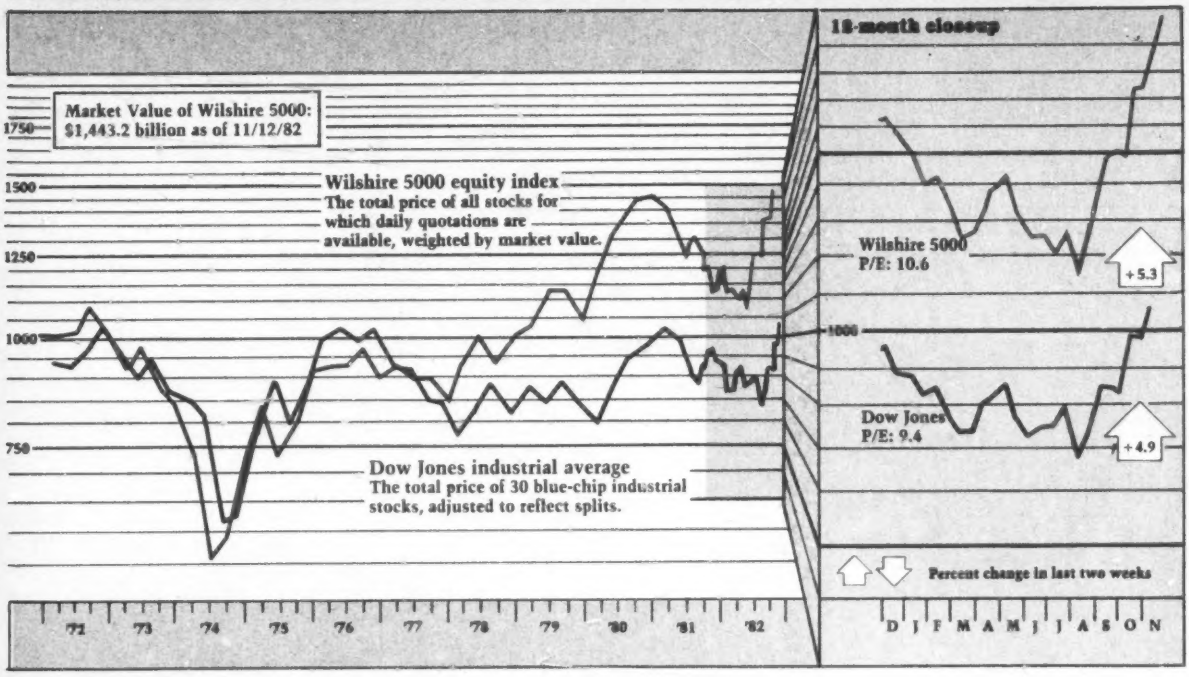
At any rate, economic reform would probably exacerbate economic problems in the short term. For all its weaknesses, the Soviet economy has existed more or less stably for 60 years. Three generations of planners, politicians, managers and workers have become comfortable in it. Better the devil one knows.

For all its faults, central planning helps keep the lid on. In speaking of the Soviet Union foreigners frequently say "Russia." Officially this is a misnomer. Russia is only 1 of 15 Soviet Republics and only 1 of the 3 Soviet members of the U.N. (the others: Ukraine and Belorussia). In truth, the term Russia is no misnomer, for the Soviet Union is really the old Russian empire with a new name. Of the 12 members of the ruling Politburo, all but 2 are either Russian or Ukrainian. This is yet another reason the rulers cling to their highly centralized planning system: It helps hold the empire together and hold down separatism by granting—and withholding—patronage to non-Russians in proportion as they behave properly toward the empire. Don't forget that this is an empire ruled mainly by Russians but nearly half inhabited by non-Russians. Among the latter are 46 million Muslims, a time bomb at a time of growing Islamic militancy. Considering the ethnic and separatist tendencies simmering here, it would be unrealistic to think Moscow can afford much loosening of the economic controls that supplement the political controls. Evgeni Bugayev of the Party's theoretical publication *Kommunist* says it all: "If we allow our enterprises to buy and sell their inputs and outputs freely, then the enterprises in the developed Ukraine will become rich but the enterprises in Siberia will go bankrupt." Why will they go bankrupt if they serve a useful economic purpose? That's not a question socialism can deal with.

Why do the people of this empire put up with the mismanagement that arises from such nonsense? Bayonets aside, keep one truth in mind: There are worse things than a low standard of living. Civil war and disorder, for example. The Soviet government—Moscow—has brought order to an unruly empire, a blessing that perhaps means more to Soviets than to Americans. They thus accept a militarized society more easily than we would. Moreover, if the government is despotic, it has become much more benign in its despotism in recent years and has achieved something few other despotisms in recent history have achieved: orderly succession. This seems to be happening again now that Brezhnev has passed into history. Bad as the present government is, all but the youngest Soviets have known worse. For all these reasons, socialism and rigid central planning will not yield easily here to a more open economy and to a consequent better life for the citizens.

Yet there is nothing to be gained by gloating over the sad state of Soviet society. ("A profound sadness would be more appropriate," says a sympathetic young American.) But there is a lesson to be learned: Economic planning, no matter how well intentioned, interferes inevitably with the millions of daily signals from the marketplace that can direct an economy far more efficiently than human planners can. In the end, one agrees with the great conservative economist Friedrich von Hayek. Socialism is a return to feudalism. It is not the wave of the future—not in the Soviet Union, not anywhere. ■

The Forbes/Wilshire 5000 Review



Between the buttons. The late-summer rally helped propel the Dow ahead of all major indicators, with a 21.5% 52-week gain. But over the last month the average maintained a volatile course, with frequent double-digit gains or declines on high trading volume. The Dow shows a modest four-week gain of 4.7%. Other measures of blue-chip, large-capitalization stocks—the NYSE and the Forbes 500—performed in line with the Dow.

On the other hand, the NASDAQ was up almost 14% and the Amex more than 8%; they led the rest of the market over the last month. For the two weeks, NASDAQ and Amex issues were up 9.4% and 6.3% respectively, while the Wilshire was up 5.3% and the Dow 4.9%.

The market focus data show investor preference for the extremes of the market, with riskier speculative issues having somewhat of an edge over higher-quality securities. While the overall market, as measured by the Wilshire, is up 5.9% over the last month, high-volatility stocks gained 18.9% and high-growth stocks advanced 19.2%. On the other hand, low-volatility and low-growth stocks outperformed the market by only a small margin, as did high-yield equities.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	5.9	4.4	4.7	5.1	8.3	13.8
in last 52 weeks	12.9	NA	21.5	13.9	7.0	16.2

Stock performance based on five key investor yardsticks

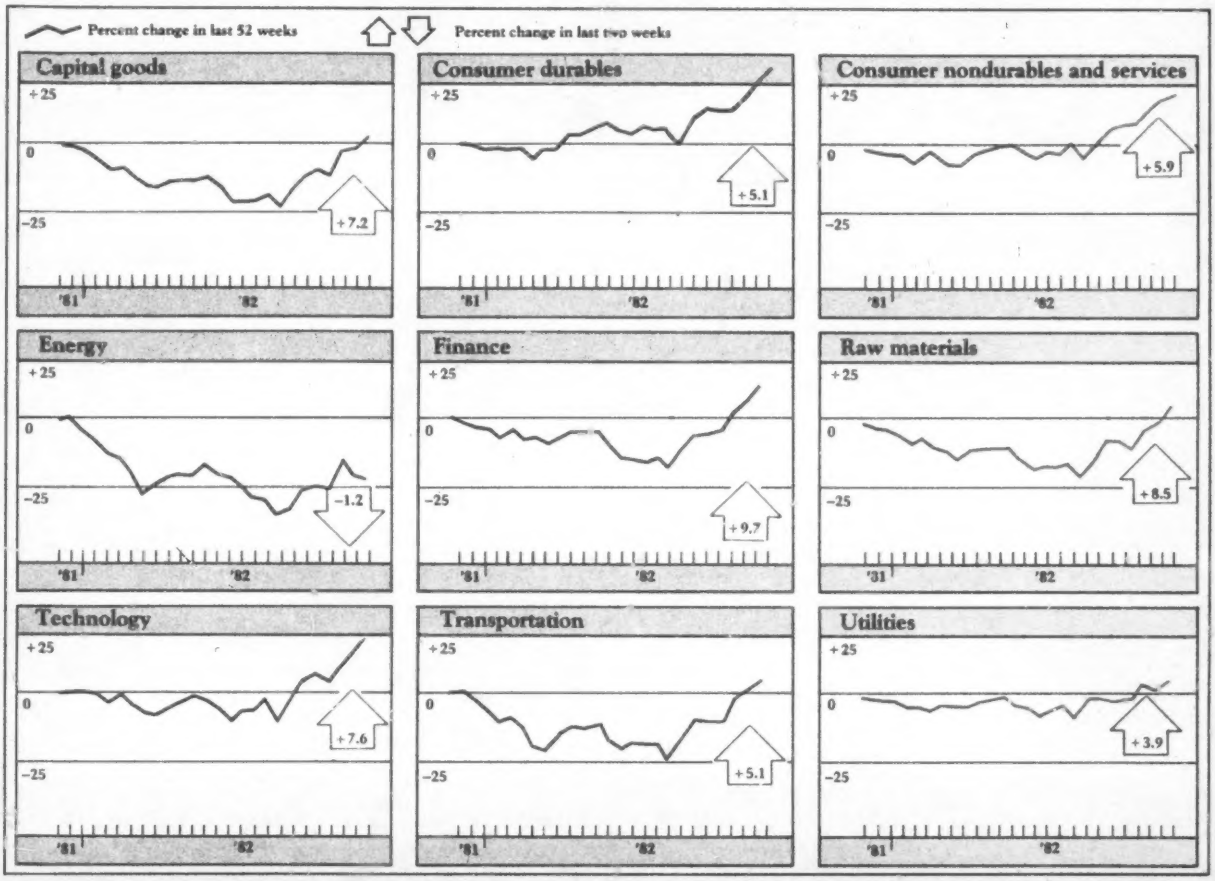
Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	18.9	6.2	14.4	16.1	5.1	17.5	19.2	7.8	8.8	17.1
in last 52 weeks	31.8	22.1	12.4	40.8	21.3	41.4	36.2	24.6	17.0	24.1

NA: Not available.
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 11/12/82. Prepared by Wilshire Associates, Santa Monica, Calif.

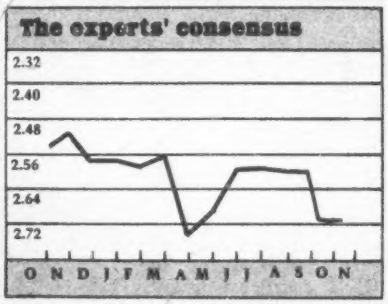
Where The Action Is

Leaders and laggards. Technology issues (particularly over-the-counter) continue strong, reinforced by the trend into volatile and high-growth stocks. But investors are getting more selective. While the Wilshire is ahead 12.9% over the last 52 weeks, the consumer durables group is up 50.5%; consumer nondurables and services, ahead 35.7%. Meanwhile, raw materials and capital goods and services, which performed close to the market averages over the last year, show more strength than the market over the last two weeks. These sectors, in particular, are two areas of opportunity for investors who are willing to speculate on the prospects of a near-term economic recovery.



What The Analysts Think

Dead in the water. For the moment, analysts are making few changes in their buy-sell opinions. The consensus for all stocks and the ranking of nine business sectors is unchanged from two weeks ago. The current opinion on technology and utilities is slightly better than the previous one, while consumer durables suffered a slight setback.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Technology	2.42	1	1
2	Capital Goods	2.55	2	4
3	Utilities	2.65	3	2
4	Energy	2.75	4	7
5	Finance	2.76	5	3
6	Consumer Non-Durables	2.79	6	5
7	Transportation	2.80	7	8
8	Raw Materials	2.81	8	6
9	Consumer durables	2.95	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 11/12/82. Prepared by Wilshire Associates, Santa Monica, Calif.

The Stock Omit Screen passed "the big test." So we're back with another challenge.

Round two

By Steve Kichen

LAST FALL (FORBES, *Sept. 28, 1981*) Tom Nourse ran his cash-flow-based Stock Omit Screen against 44 high-P/E stocks, and he came out a winner. While the NYSE gained less than 15%, the 18 issues that passed Nourse's rigid test outperformed the market by a 3-to-1 margin with an average gain of 45%. The fail portfolio gained only 21%.

The star of the pass portfolio was Wal-Mart Stores, up 148.5%. But Ashland Oil passed the screen and lost 16.2%, while Fleetwood Enterprises failed the screen and gained 215%.

Explains Nourse: "Fleetwood has been making a brilliant increase in performance over the last three years, but my screen looks at five years' worth of data. But for every Fleetwood that gets away, look at the stocks in the fail portfolio that are still far behind despite the surge in the market."

San Diego-based Nourse got into the field of stock selection through the back door. As a consultant his main interest was in cash flow and better measures of performance than inflation-distorted earnings. But after publishing his first voluminous *Comparative Business Performance Reports* he was urged by clients to apply his research and data to selecting stocks.

Nourse embarked on his quest by back-testing stock lists. He conducted an ambitious study of *Value Line Investment Survey* stocks ranked 1 for Timeliness on or about Aug. 1 each year for the period 1973 to 1981. After "holding" the stocks for a year, Nourse's pass portfolio had an average annual gain of 25.3%, vs. 13.4% for the fail portfolio.

A cornerstone of the Stock Omit Screen is a comparison of two different types of cash flow. First is the well-known earnings plus depreciation. The second, more conservative, measure is "actual" cash flow. Incremental—present year versus previous year—investment in plant, equipment, inventory and receivables is subtracted from aftertax earnings.

Another important element is Nourse's Performance Factor, which evaluates sales growth, earnings, cash flow, incremental investment and long-term debt, investment growth, depreciation and dividends. In the following table the performance factor of each firm is compared to the average for a 1,000-firm industrial aggregate. Nourse: "A company like Mary Kay—with a performance factor of very high—has great staying power in turbulent times."

"Normalized cash flow to funds requirement" (NCFFR) measures earnings after taxes plus depreciation, divided by dividends and incremental investment. Nourse smoothes, or normalizes, this figure by making the assumption that in the long run the rate of growth in investment for each company is the same as the rate of growth in sales. Thus he can compare all firms on the same basis.

According to Nourse, the higher the NCFFR and the growth rate, the better the company. But the best companies also have good performance factors because the performance factor considers quality of earnings and the reinvestment rate. Nourse determines quality of earnings by examining such items as investment requirements, debt level and relationship of earned to accounting cash.

Nourse's industrial aggregate data show a growth rate of 13.4% and an NCFFR of 1.16 for the average company. "Normalized cash flow goes down 17.5% for every 10% increase in sales growth rate," adds Nourse. "A rapidly growing company unaware of this relationship can suddenly find itself in a severe bind."

Each company studied by Nourse is assigned into one of four "strategic positions": Invest, Protect, Maintain or Review. High-growth companies, with outstanding sales and above-average profit performance, typically end up in Invest. Such firms also have the highest level of reinvestment and a moderate degree of leverage.

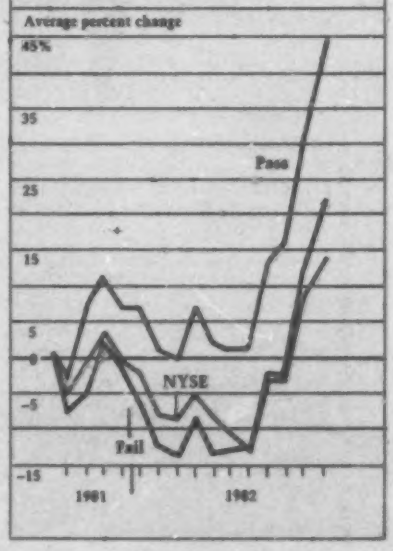
Nourse's conservative actual cash-flow measurement shows that Invest companies have negative cash flows. But many Invest companies can pass the screen because it tolerates a lower performance factor for the Invest position. Nourse notes, "History shows that Invest companies are typically the best stock performers."

A Protect company isn't reinvesting as intensely as an Invest company. But on the other hand it is not as leveraged as its cash flow is positive.

"Even though Maintain is a less desirable position, a high or significantly improving performance factor will let such a company pass the screen," notes Nourse. A Maintain

Screen tests

Companies that "pass" Tom Nourse's screening criteria do better than the averages.



Statistical Spotlight

company is reinvesting enough and showing enough actual cash flow to hold its own, but not much more.

The least desirable strategic position is Review. Review firms are using cash but not reinvesting at a suitable level and, generally, are highly leveraged. Nourse concedes that as a group Review firms are widely dispersed between very good and very poor market performance and he is still searching for a way to separate the two extremes. By definition, all Review firms fail Nourse's screen.

Last year we noted that Dana Corp., an Invest company that passed the screen, should be a top performer. Since that article, Dana gained 38.6%, surpassed the NYSE by a wide margin and is ranked 19th in performance among 44 issues.

Now that the economy appears disinflationary it will be interesting to see if Nourse's system—with its emphasis on cash flow rather than earnings—functions as well when earnings are not padded by inflation. This time the Stock Omit Screen is challenging a group of NYSE issues that have led the market since the start of 1982. Will the screen pick the portfolio that endures the test of time? We will be back next year. ■

Who are the winners among the winners?

These 45 issues have led the NYSE in 1982, and IBES earnings estimates indicate handsome profit gains for most in 1983. But only 10 of these stars (highlighted in blue) pass the cash-flow-based Stock Omit Screen developed by Tom Nourse. Less than half of the 45 issues have a "normalized cash flow to funds requirement" higher than Nourse's industrial aggregate of 1.16. All issues that pass this screen have a "performance factor" of average or better. The most desirable strategic positions: Invest and Protect.

Company/business	Recent price	% change since 12/31/81	Latest 12-month P/E	Latest 12-month EPS	Estimated 1983 EPS	5-year average sales growth	Normalized cash flow to funds requirement	Performance factor	Strategic position
Coleco Industries/toys	43⅞	538%	12	$3.76	$4.76	8.7%	1.13	very low	invest
Borman's/grocery stores	8¼	288	6	1.33	NA	9.4	1.54	low	invest
Vendo/vending machines	7½	253	NM	–0.21	1.00	–4.9	NM	very low	maintain
Winnebago Inds/manufactured houses	12¾	240	41	0.31	0.52	–7.6	NM	very low	invest
Mary Kay Cosmetics/cosmetics	54⅛	227	25	2.17	2.81	39.2	0.74	very high	maintain
Chrysler/auto	10½	211	NM	–2.98	2.92	–7.0	0.20	very low	invest
Limited Inc/retail	41⅛	189	23	1.76	2.70	25.5	1.91	very high	invest
Telex/computer equipment	18	177	14	1.29	1.50	11.2	1.64	low	invest
Coachmen Inds/recreational vehicles	23½	176	39	0.60	2.20	–1.8	NM	very low	protect
Cole National/specialty retail	40	170	18	2.28	3.06	26.8	0.56	low	review
Payless Cashways/retail bldg materials	43½	168	25	1.71	2.27	29.0	0.61	high	[illegible]
House of Fabrics/specialty retail	29	167	15	1.88	2.75	8.4	1.36	low	maintain
Zayre/retail	58¾	145	16	3.68	5.07	9.1	1.24	very low	invest
Fleetwood Ent/manufactured houses	31½	145	28	1.13	2.26	0.5	1.95	low	protect
Fluor-Cannon of Am/specialty retail	28⅝	141	21	1.35	3.04	12.5	1.25	high	maintain
Lowe's Cos/retail bldg materials	30½	139	31	0.99	1.77	13.8	1.06	high	maintain
IPCO Corp/health care supplies	10¾	139	16	0.69	0.75	–3.0	1.76	very low	invest
Orion Pictures/entertainment	16	133	NM	–5.46	NA	–5.5	0.20	very low	invest
Narco Scientific/health care supplies	33¼	127	21	1.62	1.87	0.8	1.30	very low	invest
Magic Chef/appliances	20⅜	126	26	0.77	1.56	22.3	0.55	low	invest
Great A&P Tea/grocery stores	8¾	126	NM	–5.30	1.02	–3.0	1.71	very low	invest
Walgreen/drugstores	54⅛	125	15	3.73	3.90	8.3	1.41	average	protect
Oxford Ind/apparel	50	123	8	6.31	7.46	2.0	NM	very low	maintain
Cooper Tire & Rubber/tire & rubber	32⅛	122	7	4.30	4.98	10.4	1.30	low	invest
American Motors/auto	5¼	121	NM	–3.34	0.64	2.2	0.91	very low	invest
RH Macy & Co/retail	58¼	120	14	4.11	4.77	12.5	1.22	average	protect
Stop & Shop Cos/retail	48¼	119	8	5.89	6.20	8.0	1.68	low	invest
Phillips-Salomon/mineral trdg, inv bkg	56⅜	118	12	4.72	5.63	34.1	1.75	very high	invest
American Stores/grocery stores	64⅛	118	9	6.80	7.76	56.4	0.49	low	review
Jamesway/retail	18½	118	11	1.68	1.67	16.8	1.05	average	invest
Mattel/toys	23⅜	115	7	3.26	4.00	24.0	0.68	average	invest
Gap Stores/retail	27¾	113	11	2.50	3.33	33.2	0.90	very high	review
Prime Motor Inns/hotels	25⅛	112	20	1.28	1.60	15.0	1.27	low	invest
Guardian Inds/building materials	30⅜	111	14	2.18	2.71	19.4	1.16	average	invest
Wal-Mart Stores/retail	44¼	108	31	1.42	2.28	38.5	0.66	high	invest
Carling O'Keefe Ltd/brewing	8¼	106	7	1.17	1.32	0.2	NM	low	protect
Kellwood/apparel	18½	106	9	2.07	3.07	5.8	1.51	very low	invest
Adams Drug/drugstores	9¼	106	11	0.87	1.05	12.3	0.81	low	review
US Home/building	27⅛	103	NM	–0.56	1.65	18.9	0.59	low	invest
NCR/computer equipment	98	102	10	8.61	9.45	8.2	NM	low	maintain
Corduca/publishing	15⅛	102	13	1.24	1.50	–16.3	1.45	average	maintain
Saga/industrial services	38¼	101	11	3.48	3.82	14.4	1.28	low	invest
Dayton-Hudson/retail	60¼	101	18	3.33	4.65	21.6	0.69	high	invest
General Housewares/household products	15	100	9	1.59	1.98	6.0	NM	average	protect
Cooper Labs/health care supplies	56⅜	100	26	2.14	4.44	19.9	0.71	average	invest

NA: Not available. NM: Not meaningful. *Sources: Nourse Associates; Wilshire Associates; Institutional Brokers Estimate System (IBES); Lynch, Jones & Ryan.*

DECEMBER 20, 1982 TWO DOLLARS AND FIFTY CENTS

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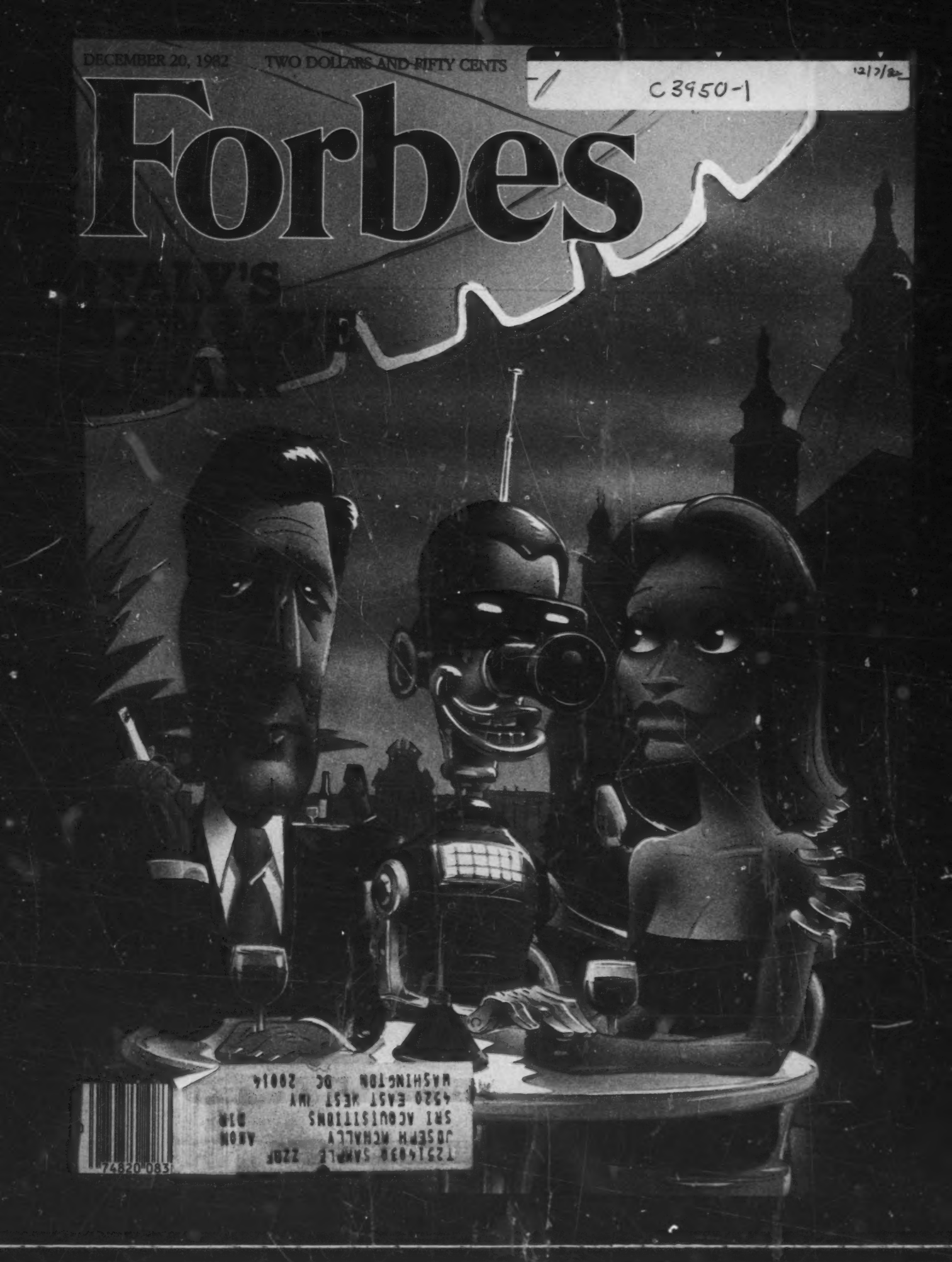
Forbes



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Photos:
6, Bill Kelly; 8, Liaison; 10, Ed Bailey; 31, Joe McNally/Camera 5; 33, Tom Hubbard; 36, 100, Joyce Ravid; 37, Jacksonville Journal; 39, Wide World; 44, 128, 153 top right, Black Star; 50, Ray Fisher; 56, Michael Abramson; 58, Doug Wilson/Black Star; 88, Harry Redel/Black Star; 95, 104, 106, Wm. Franklin McMahon; 98, Bruce Coleman Inc.; 119, Armen Kachaturian; 124, John Grossman; 138 top, 140, Cotton Coulson/Woodfin Camp; 142, Italian Government Tourist; 147 left, Jim Pickerell; 147 right, Joe Travers/Liaison; 148 left, Jim Pozarik; 148 right, 150 left, Lynn Johnson/Black Star; 150 right, Judith Gefter; 156 top, center, Carl Iwaski

Illustrations:
49, Gary Viskupic; 62, © 1982 Hanna-Barbera Productions Inc.; 132, 134, Chas. B. Slackman

Cover Art:
Robert Grossman

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $33 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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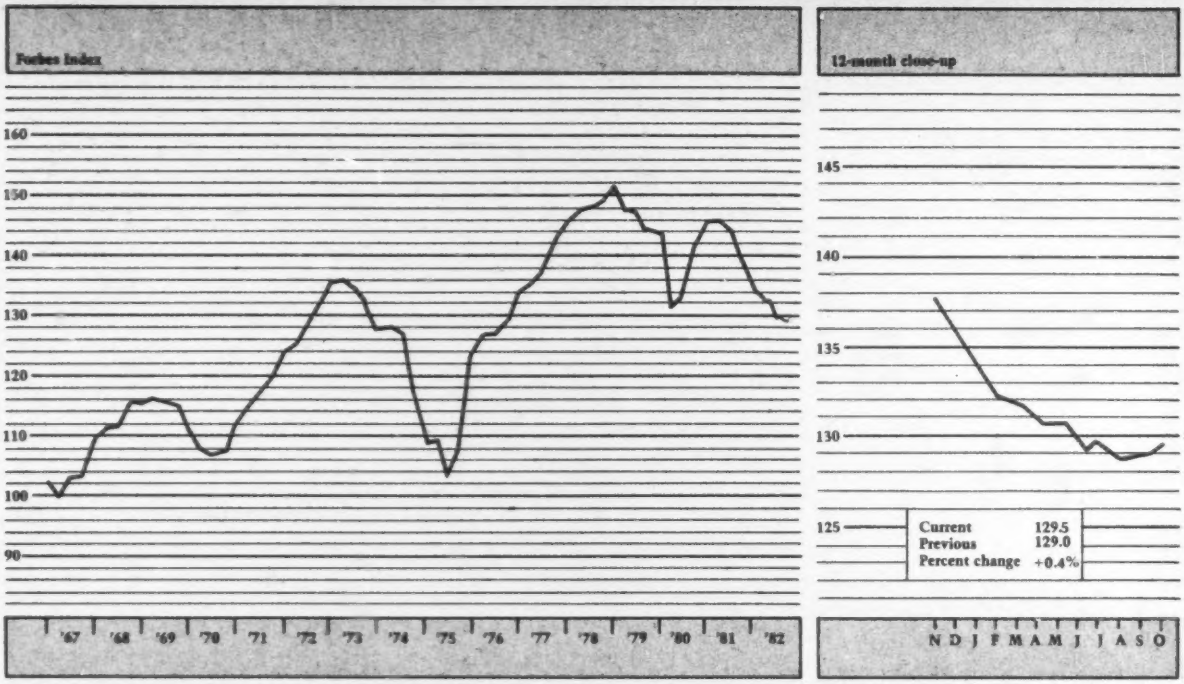
The Forbes Index



Onward and upward. The Forbes Index has posted its second consecutive gain. The main factor contributing to the rise was housing starts, which were up 5.6% in October, the highest level in more than a year. Personal income was also in the plus column, moving up 0.1% during the latest reporting period.

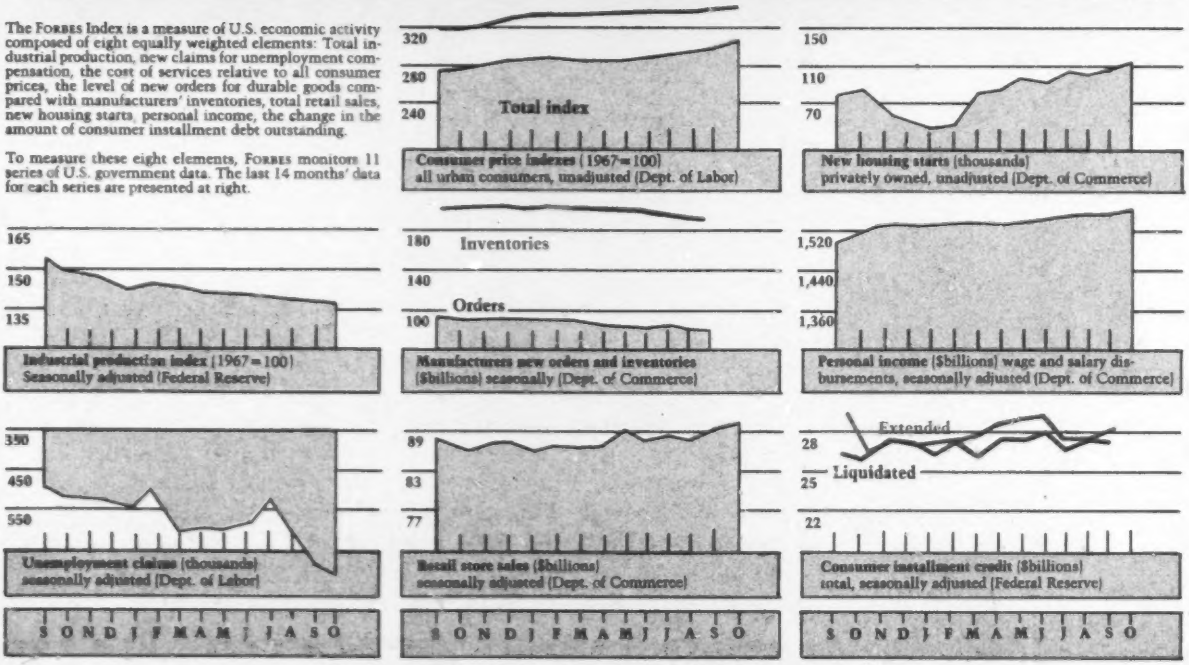
Inflation continues to climb, but at a much slower rate. October's 0.3% rise translates to a compounded annual rate of 3%. Similarly, price rises in the increasingly important service sector are moderating. The service index posted a 0.2% gain, which totals 2% on a compounded annual basis.

The bad news is that industrial production dipped 0.8%, following a 0.7% decline in September. Unemployment claims, a lagging indicator, were up 0.6% in October and have hit a new index high.

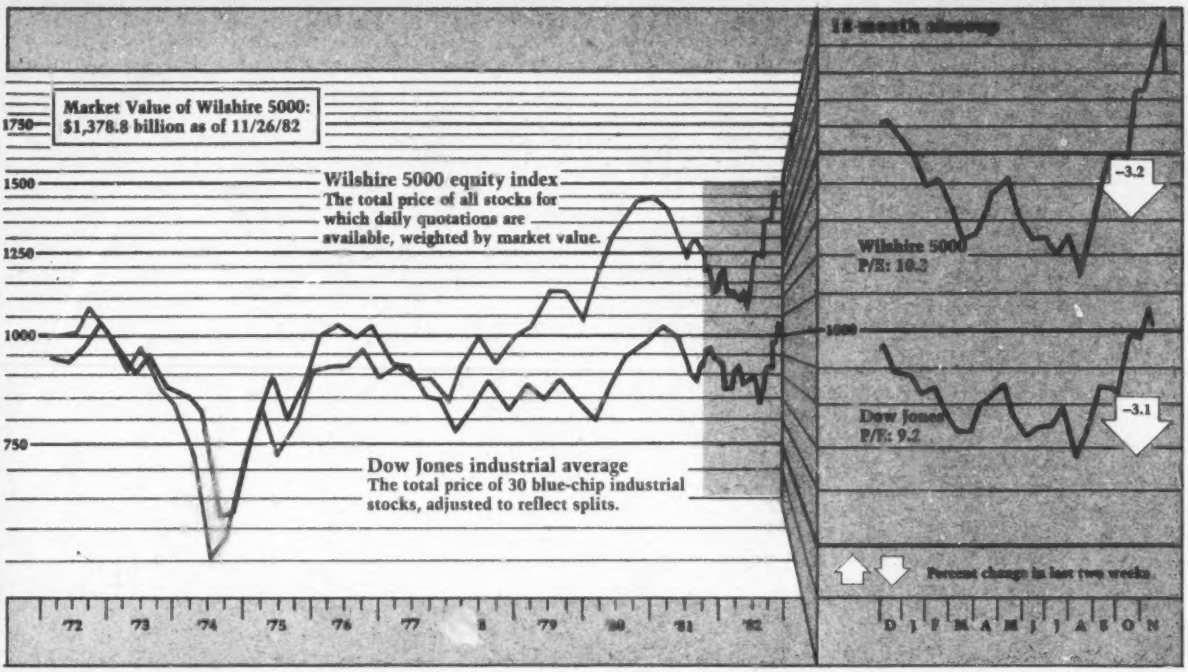
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review



Weathering the storm. The market was tossed around over the last two weeks but managed to escape largely unscathed. One particularly encouraging sign: Although the Dow ended the recent two-week period with a 3.1% loss, it still managed to stay at or close to the 1000 level for more than 34 successive trading days. During the two weeks, the NYSE and the broadly based Wilshire index performed almost in step with the Dow. The most resistant group of stocks were those traded on the NASDAQ exchange. These issues declined only 1.7%.

Smaller firms continue to show strength. Over four weeks the NASDAQ outperformed the other major indexes by a wide margin—NASDAQ issues are up 7.5%, whereas the Wilshire is ahead only 2.0% and the NYSE 1.5%. On a 52-week performance basis the NASDAQ is now neck and neck with the Dow. Another sign of the shift in investor focus away from big-capitalization stocks is the present P/E ratios of the Wilshire and the Dow. In the most recent two weeks price/earnings multiples slipped, but the P/E on the Wilshire, 10.3, is still more than a point higher than the P/E on the 30-stock Dow. A note of caution: The fact that earnings multiples fell at a time when stock prices were declining indicates that corporate earnings are shrinking faster than are stocks.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.0	0.7	1.6	1.5	3.3	7.5
in last 52 weeks	6.7	NA	13.7	7.5	0.1	13.7

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	10.9	4.2	7.9	10.9	3.1	11.4	10.9	4.6	4.1	12.4
in last 52 weeks	28.6	19.3	10.6	40.1	18.7	41.3	33.5	21.9	12.6	24.7

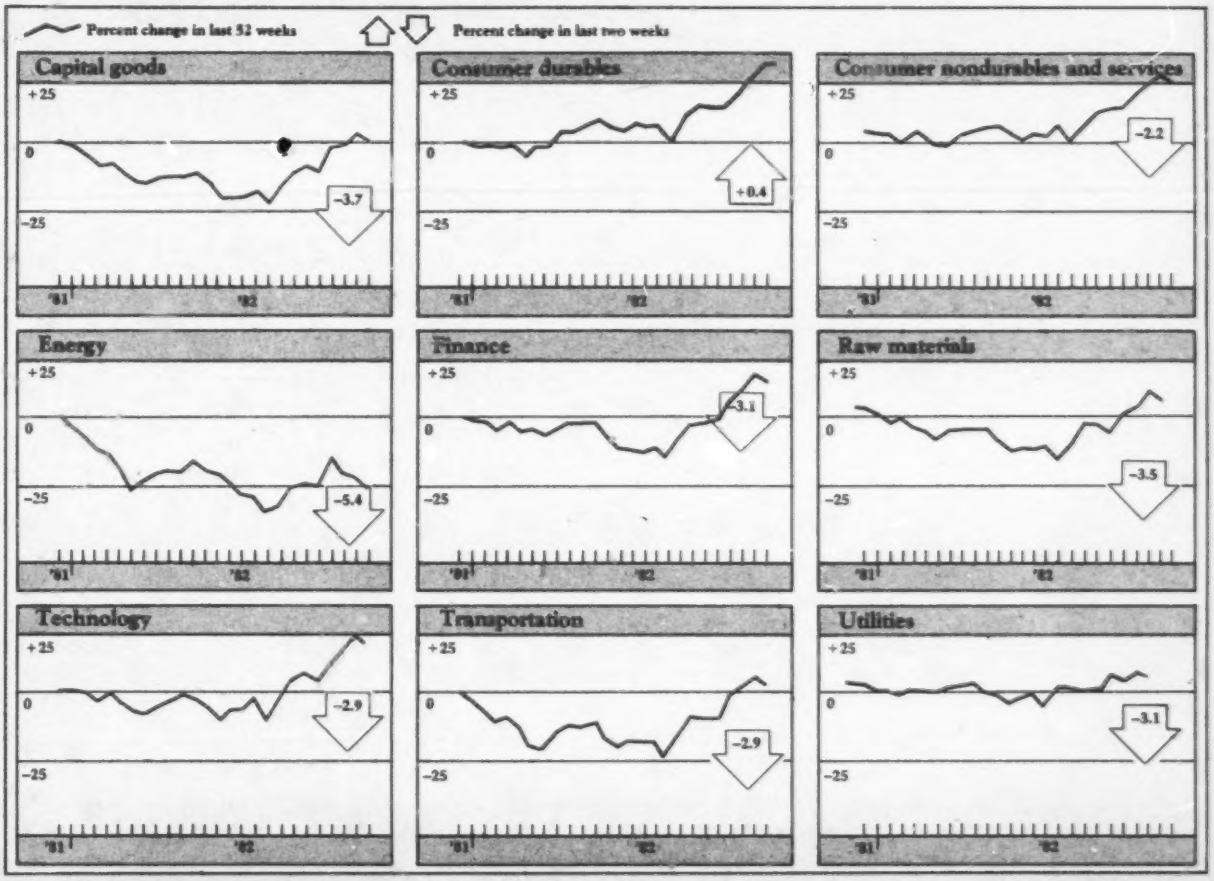
NA: Not available.
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 11/26/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

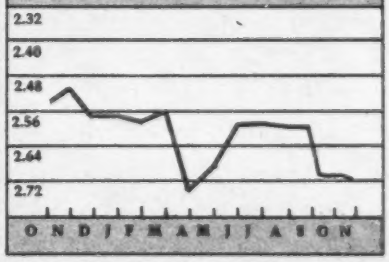
Taking off in the dark. The 2.9% two-week decline in transportation issues obscures the fact that several major airlines had strong gains over the last few trading sessions of the reporting period. With some improvement in auto sales and new housing starts, meanwhile, the two consumer sectors outperformed the Wilshire, but consumer durables were the only group to show an actual gain, a 0.4% advance over the two-week period.

Energy issues continue to take a beating, losing 5.4% over the two weeks and 6.5% over the month. Although this sector gained almost 9% since late August, it is still almost 30% below its level of 52 weeks ago. In contrast, the remaining eight sectors show one-year gains ranging from 1.5% to 47%.



What The Analysts Think

Sitting on a fence. In the last two weeks the consensus measurement for all nine sectors moved slightly closer toward the sell side. Consumer nondurables made the biggest change in rank, jumping from sixth to fourth place. Meanwhile, energy dropped another notch—an indication that the experts are at least as pessimistic as ever.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Technology	2.42	1	1
2	Capital goods	2.56	2	2
3	Utilities	2.65	3	3
4	Consumer non-durables	2.76	6	6
5	Energy	2.79	4	4
6	Finance	2.79	5	5
7	Transportation	2.80	7	7
8	Raw materials	2.81	8	8
9	Consumer durables	2.92	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 11/26/82. Prepared by Wilshire Associates, Santa Monica, Calif.

April showers bring May flowers and the IRS. But first comes December tax-selling, which sometimes brings stock bargains.

Winter solstice

By Steve Kichen

THOSE INVESTORS WHO STUCK with the market over the last couple of years are likely to gaze back upon 1982 with fond memories. At this point the Wilshire index is up 11.6% since the start of the year, the Dow, ahead 18%, and the Forbes 500 (sales) companies, up approximately 14%. Unfortunately, those that profited handsomely have a partner—the taxman—who will want a cut of the action.

Capital gains can be reduced with offsetting capital losses, but relatively few stocks are down this year and hence candidates for tax-loss selling. Those securities that are, therefore, are also likely to be sold all the harder in December. On the other hand, some of those losers could rebound sharply in January, after the selling pressure is off.

FORBES called upon the computers at Wilshire Associates of Santa Monica, Calif. to isolate NYSE and NASDAQ issues that had lost significant ground in 1982 but whose present position held out hope for a recovery. We required companies to have latest 12-month earnings of at least 50 cents and a price/earnings multiple at or below the recent multiple on the Wilshire, 10.6. In addition, we eliminated stocks selling for less than $5 a share because of the inherent volatility of such issues.

It's no surprise that energy issues dominate the list—they have been market pariahs since fall 1980. The energy sector of our Wilshire report *(see p.160)* is off almost 30% over the last 52 weeks. Nevertheless, it is still surprising how far individual energy issues have fallen. Take Global Marine, recently priced at 9⅞. Over the last 52 weeks this issue had a peak of 25¼, and it sold as high as 36¼ earlier in 1981. Kenai, Unit Drilling & Exploration, Barton Valve, Dawson Geophysical, Sage Drilling and Service Fracturing present similar pictures: All show at least 59% declines from their 52-week highs.

Many of these issues are now selling at seemingly depressed levels relative to depressed earnings and to yield and book value. If you consider that, as investors liquidate their positions, these losers could drop a few more percentage points between now and Dec. 31, a number of these lagging issues could become downright tempting.

One of the choicest of the losers appears to be McDermott. It is selling at a 20% discount from book value, less than 4 times earnings, and yields 9.9%. And it has a debt-to-equity ratio of 34%. Watch the debt loads on some of these companies. Many of the smaller oil-related firms, in particular, took on higher levels of debt in 1982 to increase capacity, which is

NYSE stocks to beat the taxman with

In this rally, oil stocks are about the only issues that have failed to catch fire. Thus, the following table of potential candidates for tax-loss selling is thickly populated with energy shares.

Company	Recent price	52-week price range	—Latest 12-month— EPS	P/E	Yield	Debt/ equity	Return on equity	Book value/ share
AMF	17⅞	28½–12¼	$3.05	5.9	7.6%	34%	9.0%	$20.94
Apache Corp	11⅛	21⅛– 7⅛	1.20	9.3	2.2	124	13.4	8.62
Baker Intl	22¾	42 –17⅝	4.10	5.5	4.0	52	23.8	14.13
Cameron Iron Works	20	50½–16	4.56	4.4	2.0	44	21.7	16.67
Celeron	20¼	40 –14	3.91	5.2	3.0	29	39.8	12.51
Cleveland-Cliffs Iron	18¼	32⅞–16	1.81	10.1	9.9	24	12.2	30.11
Continental Illinois	21⅞	37⅞–15⅛	2.92	7.5	9.1	69	14.9	43.21
Cooper Inds	24⅞	55⅛–19¼	5.32	4.7	6.1	21	24.0	24.70
Daniel Inds	10½	23⅛– 8⅝	1.66	6.3	1.7	24	17.4	9.86
Dresser Inds	19⅞	37⅛–12¼	3.19	6.2	4.0	15	16.5	24.51

NA: Not available.

Sources: Wilshire Associates; Forbes

Statistical Spotlight

now lying idle.

The debt-to-equity ratios for most of the companies in the accompanying tables have been updated to reflect latest quarterly reports. Several oil or oil-related firms such as Dyco Petroleum and Inexco Oil have ratios in excess of 125%. Oxoco tops the list, with a debt-to-equity ratio of 397%.

Another highly leveraged company is U.S. Steel. It closed its 1981 books with $2.3 billion in long-term debt and with debt only 35% of equity. After the Marathon merger, long-term jumped to a whopping $7.5 billion, and debt is now 118% of equity.

Although our tables are dominated by pure energy plays, there are a few notable exceptions. AMF is hurting from decreased sales and a corporate restructuring. In addition, energy services and products contributed more than a third of the company's profits in 1981. Continental Illinois is now carrying more than $2 billion in nonperforming assets on its books.

SPS Technologies is suffering from depressed markets for its fasteners used in aerospace, automotive, machine tool and farm equipment tools. Other nonenergy firms that made our tables of tax-selling candidates include: Quanex (special steel tubing),

NYSE stocks to beat the taxman with

Company	Recent price	52-week price range	—Latest 12-month— EPS	P/E	Yield	Debt/ equity	Return on equity	Book value/ share
Dyco Petroleum	14½	27 –11⅛	$2.23	6.5	1.7%	160%	32.9%	$ 6.12
Enterra	21	54⅛–20	5.90	3.6	4.0	53	32.1	17.97
Equitable Gas	24	40⅛–18¾	4.67	5.1	6.3	66	19.8	25.22
First Mississippi	9⅞	16⅞– 6	1.08	9.6	2.4	40	21.5	6.42
Galveston Houston	18¼	36⅛–14⅛	3.22	5.7	2.8	102	23.4	17.05
Gearhart Inds	13	28½–10¼	1.53	8.5	2.8	57	17.7	12.82
Geo Intl	11¼	39 – 7½	3.37	3.5	2.0	52	35.0	11.92
Global Marine	9⅞	25⅛– 7¼	2.96	3.3	2.4	135	20.3	12.84
Halliburton	30⅝	60⅛–21	5.55	5.5	5.2	23	21.3	26.87
Helmerich & Payne	18⅛	39¼–13⅜	3.28	5.5	1.8	32	24.5	11.98
Hughes Tool	18⅜	44⅛–14⅜	3.73	4.9	4.6	52	22.2	20.88
Inexco Oil	8⅛	25½– 6⅜	1.01	8.8	1.6	144	13.6	9.67
Kenai	6	19½– 4⅛	1.93	3.1	1.7	137	14.1	11.92
LTV	11⅛	18⅜– 8¼	4.26	2.6	4.5	105	30.0	26.79
McDermott	18¼	41⅞–14¼	5.01	3.6	9.9	34	16.5	22.71
Moore McCormack Res	19⅜	31⅛–11⅜	2.81	7.0	5.3	148	15.0	40.06
Moran Energy	12	27⅛– 7⅛	1.47	8.2	1.0	95	17.5	10.93
Napco Inds	9¼	1 ⅛– 7⅛	0.94	9.8	2.6	53	13.2	6.52
NL Inds	17	45⅛–14¼	5.25	3.2	5.9	59	26.8	17.52
Northwest Inds	38¼	80½–32½	11.47	3.4	11.4	77	40.7	40.94
Oak Industries	14⅜	32⅛– 9	2.14	6.7	1.7	89	11.6	18.45
Parker Drilling	9½	23 – 7⅛	2.65	3.6	1.7	87	25.4	10.78
Pioneer Corp	20¼	31⅞–12	2.67	7.6	4.9	93	29.4	10.06
Pittston	14	29⅛–11⅞	1.95	7.2	4.3	43	6.4	17.67
Quanex	7⅜	26 – 6	1.17	6.3	8.1	109	24.3	12.19
Raymond Intl	13¼	22⅛– 9⅛	2.36	5.8	7.3	40	10.8	24.39
Reading & Bates	13¼	28 –10	3.22	4.1	6.0	95	24.1	13.07
Rowan Cos	9¾	17⅞– 7	2.75	3.4	0.8	22	27.2	8.23
Smith Intl	24⅞	49 –18	5.15	4.8	3.9	24	21.7	27.10
SPS Technologies	13½	25½–10⅞	2.63	5.1	5.3	19	18.4	25.33
Sun Co	30½	48⅛–26¼	4.87	6.3	7.5	43	21.8	40.88
Tidewater	21¼	44 –15½	4.10	5.2	4.2	62	25.7	17.94
Transco Energy	27¼	47⅛–24	5.97	4.6	6.6	165	21.5	27.64
Tricentrol Plc	5⅛	10⅛– 5⅛	0.82	7.2	6.1	23	14.7	5.04
Trico Inds	8⅛	16½– 5½	1.14	7.7	1.8	39	22.3	6.37
Unit Drilling & Explor	6⅞	25 – 4¾	1.22	3.1	—	72	30.5	8.05
US Steel	19⅞	32⅛–16	4.10	4.8	5.0	369	17.2	70.17
Varco Intl	5⅛	19⅛– 4⅞	1.01	5.8	2.0	103	31.3	6.53
Western Co of No Amer	8⅛	26⅛– 7¼	1.87	4.6	2.8	183	29.0	7.82
Zapata	16¼	35⅛–11⅛	4.24	3.8	4.4	123	20.9	18.30

NA: Not available

Sources: Wilshire Associates, Forbes

Statistical Spotlight

Ambassador Group (insurance), Cross & Trecker (automated machinery), C3 (computer systems) and Docutel/Olivetti (office equipment).

There is nothing to keep the losers of 1982 from losing more in 1983. In fact, in a recent analysis of analyst buy-sell opinions by Wilshire Associates *(see p. 160)*, institutional analysts are more bearish on energy stocks now than they were just two weeks ago. Maybe it will take another year or two for energy supply and demand to reach a more profitable equilibrium. But when the market corrects itself on energy issues, it is likely to overact on the upside—just as it did on the downside.

In the meantime, a number of the stocks in these two tables are priced at bargain-basement levels and could, at least, start out 1983 on a more positive note, as new investors are attracted to their relative cheapness and those who sought tax shelters of 1982 plow their profits back into the market. ■

NASDAQ issues for beating the taxman

These issues have declined by 28% or more since the start of 1982, and they could still lose a bit more ground in end-of-year tax-selling. Sometimes such bargain-priced shares rebound early in the next year.

Company	Recent price	52-week price range	—Latest 12-month— EPS	P/E	Yield	Debt/ equity	Return on equity	Book value/ share
Ambassador Group	7¼	18⅜– 7	$1.48	4.9	3.9%	nil	21.2%	$ 8.03
Amtec Inds*	5½	9 – 5½	0.80	6.9	—	29%	37.5	2.67
Aztec Manufacturing	8½	19½– 6¾	1.80	4.7	4.7	3	44.9	5.40
Barton Valve	7½	30 – 4¾	1.58	4.7	—	10	34.5	4.53
Bmlorne Res Ltd	5¼	11⅞– 3¾	0.97	5.4	2.3	130	35.2	1.77
Cross & Trecker	18⅛	29⅛–12⅜	3.13	5.8	4.4	7	21.9	15.17
C3 Inc	9¼	23¾– 7	1.02	9.1	—	3	24.1	4.66
Dawson Geophysical	6	16 – 4⅛	0.98	6.1	—	9	22.1	4.67
Dickey-john	9¾	17⅛– 8½	0.95	10.3	2.5	9	8.1	12.21
Docutel/Olivetti	16¼	31⅛–16	1.75	9.3	—	35	–12.1	12.85
Econo-Therm Energy Sys	6	11⅛– 5¾	0.84	7.1	—	187	4.4	0.73
First Coml Bancorp	6½	9½– 6½	0.62	10.5	—	0	6.8	10.66
Fremont General	10⅛	18 – 5⅛	1.17	8.7	4.7	44	13.2	11.94
General Binding	9⅛	13½– 8½	1.21	7.6	3.0	23	11.4	13.19
Hadson Petroleum	5¼	19⅛– 5	1.32	4.0	—	59	26.5	2.98
Hamilton Bros Petrol	9¼	24½– 8¾	0.87	10.6	1.1	47	10.3	12.05
Harper Group	25	35 –21	2.58	9.7	1.1	0	27.4	9.65
Impell	27¾	42 –14½	2.83	9.8	1.4	1	33.6	7.63
Integrity Finl Group	7¼	12⅛– 5¼	1.33	5.5	4.4	NA	25.5	5.99
Intl Shipholding	5¼	8⅛– 4¼	0.78	6.7	—	256	NM	12.41
Manitowoc	18¾	27½–14½	2.95	6.4	4.3	0	19.4	14.58
McCormick Oil & Gas	7¼	23⅛– 6	1.12	6.9	—	106	46.7	3.92
McFarland Energy	8⅛	13⅛– 6⅛	0.88	9.8	—	0	20.1	4.97
Mechanical Technology	5	8½– 4	0.60	8.3	—	27	18.1	7.09
Nicklos Oil & Gas	5⅛	22⅛– 4	0.88	5.8	—	34	15.0	10.66
Oceaneering Intl	12¾	22⅛–11¼	1.48	8.6	—	nil	24.5	5.40
Offshore Logistics	11⅛	20½– 9½	3.07	3.8	4.1	165	10.5	19.71
Optimum Holding	7	11⅛– 6¾	1.26	5.6	—	0	15.7	8.63
Oregon Metallurgical	11	24 – 8	1.24	8.9	—	nil	50.4	5.23
Oxoco	7	17⅛– 5⅛	1.13	6.2	—	397	24.0	3.37
Pacific Resources	10¼	15⅞– 8½	1.70	6.0	5.5	187	20.3	7.94
Petroleum Equip Tools	8⅛	33⅛– 6¾	2.77	2.9	—	40	30.0	9.91
Sage Drilling	5½	13½– 4⅛	1.70	3.2	—	9	16.9	7.30
Service Fracturing	5	20½– 3½	1.07	4.7	—	42	20.6	6.39
Stewart & Stevenson Svs	12⅞	21⅛–10¼	3.20	4.0	3.1	47	16.8	19.82
Tidelands Royalty Trust	10½	24 –10½	1.12	9.3	10.5	0	NM	NM
Tucker Drilling	8⅛	18 – 7⅞	2.03	4.4	—	11	31.0	8.15
US Mut REIT	5¼	8⅛– 5¼	0.89	5.9	11.4	263	NA	8.57
Westmoreland Coal	15¼	25 –14	2.79	5.5	—	29	NM	23.97
Wiser Oil	15¼	39 –13¼	1.44	10.6	5.8	0	17.8	3.10

*Name recently changed to Nature's Sunshine Products. NA: Not available. NM: Not meaningful. nil: negligible. *Sources: Wilshire Associates; Forbes*

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Forbes

35th ANNUAL REPORT ON AMERICAN INDUSTRY

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Forbes

Annual Report On American Industry

January 3, 1983 Volume 131, Number 1

How the 1,002 largest U.S. public companies compare in profitability, growth and market performance on the Forbes Yardsticks, and what lies ahead in 1983.

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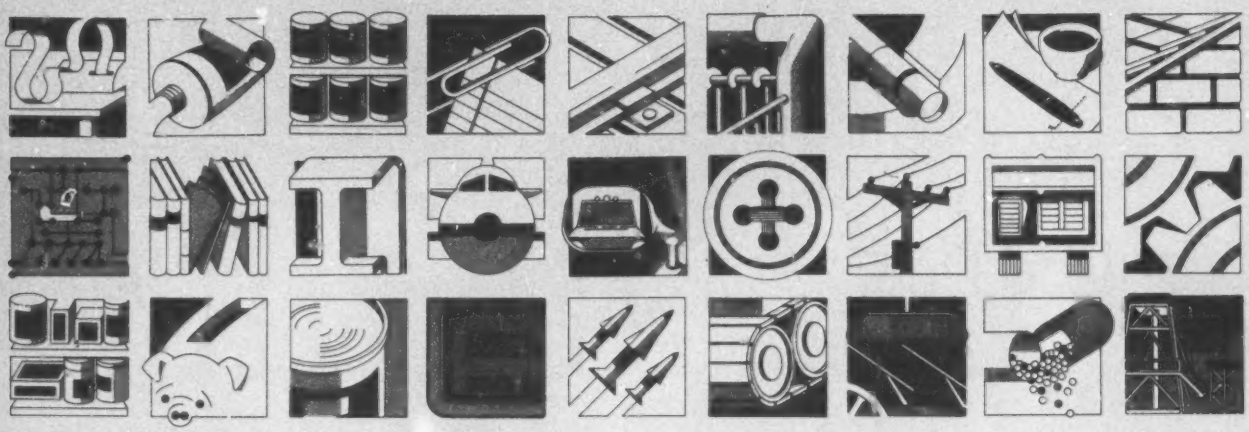

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Special Report:
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The recent visit of FORBES' publisher and a Capitalist Tool team of motorcyclists and balloonists attracted considerable attention here, there and elsewhere abroad. Here's a full account of what one observer described as "the most surprising visit to China since Marco Polo's."

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Illustrations:
87, Chas. B. Slackman; 214, Catherine Kanner

Cover:
Alan Reingold

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $26 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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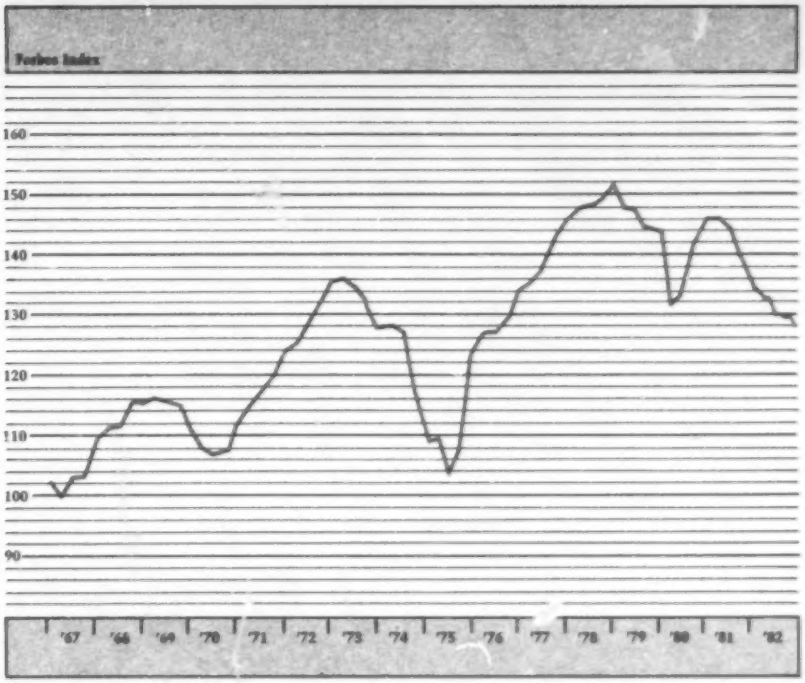
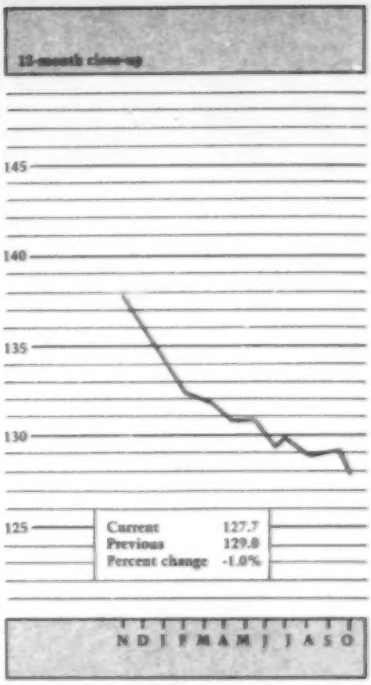
The Forbes Index





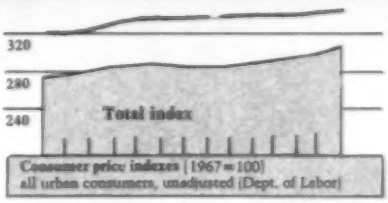
Back on the seesaw. After two consecutive rises, the Forbes Index has once again turned down. The main reason for the fall this time around was the decline in manufacturers' new orders, which were off by 4.7% in October, following a gain of 0.4% the previous month. Even if orders pick up, production will not increase immediately because manufacturers' inventories remain relatively high. Such inventories declined by only 0.2% during the latest period versus a 0.4% decline previously.

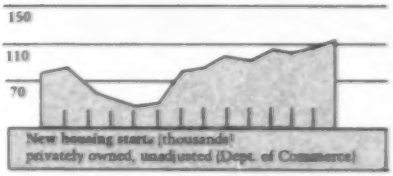
Consumers also contributed to the index' fall by paying down debt. Net credit outstanding fell by $324 million. This means that consumers are not yet leading the way to recovery. The decline in debt was surprising since it followed a $1.1 billion rise in credit outstanding the previous month. It also came during the early days of the Christmas shopping season, when credit usually expands.

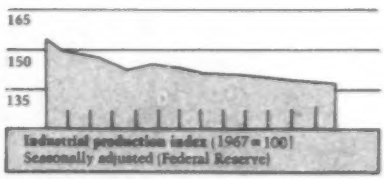
The Forbes Index Components

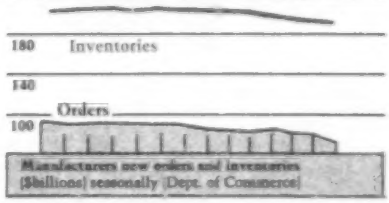
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

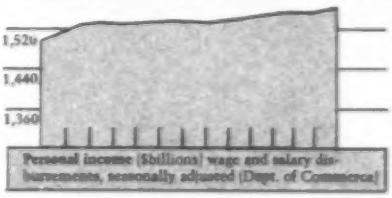
To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.

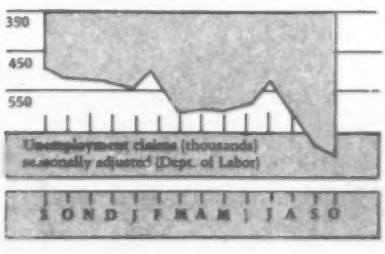


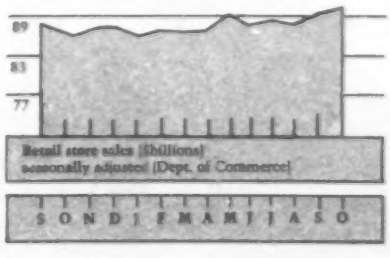


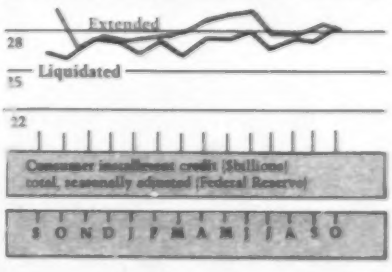












The Forbes Yardsticks 1982

How to use them

THE FORBES 35TH ANNUAL REPORT ON AMERICAN INDUSTRY measures management performance of 1,002 big public companies. A company being listed for the first time had to have at least $450 million sales in its latest fiscal year.

The Forbes Yardsticks size up these companies in several ways. We measure their profitability in terms of return on stockholders' equity and on total capital. We measure their growth in both earnings per share and sales. For current trends we track these figures for the latest 12 months, while for a longer view we look at them over the past five years. We also measure their debt-to-equity ratios, net profit margins and stock market performance.

Using all these measures, we compare each of the 1,002 companies against competitors in its own industry and against all 1,001 other companies. Finally, we compare median numbers for the major industry groups against one another. There are 46 major industry groups this year. Of these, 24 are further divided into 61 subgroups to give a clearer picture of how each company stacks up against its real competitors.

To locate a company, refer to the table that begins on page 52: "Where to find the company." It lists the 1,002 companies alphabetically and gives the page where the story related to its industry begins and the appropriate Yardsticks tables appear. You will also find in the alphabetical listing how that company ranks in terms of profitability, growth and stock market performance.

How they are calculated

Return on stockholders' equity Companies obtain their capital from two sources: stockholders and creditors. Return on stockholders' equity is the percentage return on the stockholders' portion of the capital. We express earnings per common share (primary basis) as a percentage of the stockholders' equity per share, assuming conversion of all convertible preferred, at the start of the year. The five-year return in our Yardsticks tables is the average of the returns calculated for the four years 1978 through 1981 and the 12-month period ending with the most recent quarterly report. (For companies whose fiscal years end in January, February or March, the years 1979-82 are used in place of 1978-81.)

Return on total capital This figure is the percentage return on a combination of stockholders' equity (both common and preferred) plus capital from long-term debt including current maturities, minority stockholders' equity in consolidated subsidiaries and accumulated deferred taxes and investment tax credits. The profit figure used in this computation is the sum of net income, minority

interest in net income and estimated aftertax interest paid on long-term debt—in other words, income before charges (which means, primarily, interest payments on long-term debt) relating to the nonequity portion of the capital.

The return on total capital is a "basic" measure of an enterprise's profitability. For companies that derive all of their capital from common equity, the two profitability measures will be identical. But a company that employs debt wisely can thereby boost its return on stockholders' equity well above the return on total capital. The time periods employed for this calculation are the same as those for return on stockholders' equity.

Debt-to-equity ratio This ratio tells us to what extent management is using borrowed funds (leverage) in an attempt to increase profits. It is calculated as of the end of the last reported fiscal year by dividing long-term debt (including current maturities) by the sum of stockholders' equity, minority stockholders' interest and accumulated deferred taxes and investment tax credits. A high debt-to-equity ratio makes earnings more volatile and is usually considered prudent only in relatively stable industries.

Net profit margin This measure gives a view of profits different from either the return on stockholders' equity or the return on total capital. Calculated by dividing net profits for the latest 12 months by net sales, it reveals what percentage of each dollar of revenue is available for payment of dividends and reinvestment in the business.

Earnings-per-share growth To present a clear picture and even out short-run distortions caused by very poor or very good years, we reach back over ten years to measure five-year earnings-per-share growth. Using primary earnings per share, we take the average for the most recent five years (1978 through the latest 12 months) and compute the percentage change from the average for the preceding five years (1973 through 1977). We then express that change in terms of a five-year compound annual rate of growth, since the midpoints of the two periods are five years apart.

Sales growth As with earnings growth, we go back ten years to calculate the five-year rate of sales growth. We compare average sales for the company's most recent five years against the average for the preceding five years, and express the change in terms of a five-year compound annual growth rate.

Where to find the company

Rank					Rank				
Company	Profitability	Growth	Stock market	Industry survey page	Company	Profitability	Growth	Stock market	Industry survey page
Abbott Laboratories	115	144	177	190	Apple Computer	1	1	**	123
ACF Industries	602	610	811	128	ARA Services	738	715	813	208
Acme-Cleveland	530	157	506	130	Archer Daniels Midland	425	297	319	183
Aetna Life & Casualty	279	195	387	80	Arden Group	819	**	175	204
H F Ahmanson	931	917	501	78	Arizona Public Service	555	752	731	103
Air Prods & Chems	316	386	341	117	Arkla	222	444	328	94
Albertson's	99	258	126	204	Armco	791	739	829	112
Alcan Aluminium	312	87	361	115	Armstrong Rubber	905	875	268	144
Alco Standard	367	373	180	220, 220	Armstrong World Inds	853	780	595	137
Alexander & Alexander	23	227	836	71	Arvin Industries	831	845	832	143
Alexander & Baldwin	593	698	377	168	ASARCO	812	521	358	115
Alexander's	946	929	467	206	Ashland Oil	64	218	517	89
Alleghany	416	257	92	71	Associated Dry Goods	842	771	350	206
Allegheny Intl	578	515	528	181, 220	Athlone Industries	422	684	606	112
Allegheny Power	657	770	721	103	Atlanta Gas Light	805	765	785	94
Allen Group	702	673	680	144	Atlantic City Elec	739	815	849	103
Allied Bancshares	72	118	77	78	Atlantic Richfield	182	122	486	89
Allied Corp	709	732	879	89, 117	Auto Data Processing	187	183	230	126
Allied Stores	687	621	617	206	Avco	452	217	908	71
Allied Supermarkets	992	971	823	206	Avery International	482	335	233	130
Allis-Chalmers	945	927	963	130, 170	Avnet	299	430	70	121
Alcoa	522	224	688	115	Avon Products	61	599	948	196, 208
AM International	987	940	971	126	Avondale Mills	922	888	566	194
AMAX	755	689	825	115	Baker International	77	70	316	100
Amdahl	578	919	693	123	Baldwin-United	37	93	28	71
Amerace	816	847	986	130	Ball Corp	419	337	287	200
Amerada Hess	317	424	288	89	Bally Manufacturing	78	37	102	210
American Bakeries	950	940	904	185	Baltimore Gas & Elec	689	716	741	103
American Brands	149	214	262	198, 220	BanCal Tri-State	861	625	730	73
Amer Broadcasting	269	199	365	216	BancOhio	866	809	814	73
American Can	931	900	891	200	Bangor Punta	376	6	759	175, 220
American Cyanamid	681	751	608	117, 195	Bank of New England	368	280	225	73
American Elec Power	771	843	920	103	Bank of New York	557	579	421	73
American Express	204	278	341	71, 80	BankAmerica	448	490	773	73
American Family	419	705	609	80	Bankers Trust NY	400	237	192	73
American General	329	232	202	80	Barnes Group	649	641	695	144
American Greetings	488	390	132	210	Barnett Banks Fla	444	240	137	73
Amer Home & Derrick	811	849	919	128	Bausch & Lomb	337	339	336	190
American Home Products	25	418	478	181, 192	Baxter Travenol Labs	338	176	198	190
Amer Hospital Supply	430	318	284	190, 202	Beatrice Foods	436	556	822	185
American Intl Group	127	109	136	80	Becton, Dickinson	527	486	524	190
Amer Maize-Products	819	804	536	185	Belco Petroleum	106	129	324	89
Amer Medical Intl	265	65	38	190	Bell & Howell	917	857	310	126
American Motors	980	940	404	170	Bemis	766	575	451	200
American Natl Ins	667	322	580	80	Bendix	274	248	264	144, 175, 220
Am Natural Resources	313	428	895	94	Beneficial Corp	907	907	736	71, 208
American Petrofina	422	644	361	89	Bergen Brunswig	305	15	8	202
American Standard	179	197	554	117, 220	Berkshire Hathaway	753	75	41	80, 185
American Tigers	161	131	215	136, 208	Best Products	361	388	450	208
American Tel & Tel	616	681	789	71, 213	Bethlehem Steel	910	807	866	112
AmeriTrust	766	657	758	73	Beverly Enterprises	123	**	13	190
Ametek	215	455	237	130	Big Three Industries	246	142	551	100, 117
AMF	776	821	749	213, 220	Big V Supermarkets	79	66	30	204
Amfac	796	676	513	208, 220	Bird & Son	968	940	924	137
AMP	76	153	216	121	Black & Decker	777	777	700	181
Ampco-Pittsburgh	712	540	836	128	Blount	193	192	88	140
AMR	947	938	641	171	Blue Bell	425	412	894	194
Amstar	772	842	842	185	Boeing	88	33	221	175
Amsted Industries	202	389	804	130	Boise Cascade	797	667	503	108, 137
Anchor Hocking	785	732	803	200	Borden	639	535	498	185
Anderson, Clayton	768	525	768	183	Borg-Warner	541	327	142	144, 220
Anheuser-Busch Cos	260	164	103	188	Borman's	937	872	172	204
Anixter Bros	185	113	10	130	Boston Edison	746	654	821	103

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth. **Stock market:** 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Braniff Intl	986	940	975	172
Briggs & Stratton	219	571	633	130
Bristol-Myers	146	377	303	192
Brockway Inc (NY)	869	839	852	200
Brooklyn Union Gas	492	499	527	94
Brown-Forman Dist	173	101	75	186
Brown Group	389	229	93	194, 208
Browning-Ferris Inds	298	161	53	130
Bruno's	**	35	**	204
Brunswick	121	135	394	210
Bucyrus-Erie	610	677	925	128
Burlington Inds	882	840	579	194
Burlington Northern	827	166	151	178
Burroughs	817	783	945	123
Business Men's Assur	483	28	449	80
Butler Manufacturing	597	740	661	137
Cabot	133	34	144	115, 117
Caesars World	157	3	26	210
California First Bank	690	618	624	73
Cameron Iron Works	119	121	372	100
Campbell Soup	489	586	614	185
Capital Cities Commun	140	119	87	216, 218
Capital Holding	554	454	496	80
Carnation	337	432	555	185
Carolina Pwr & Lt	670	744	858	103
Carpenter Technology	363	382	425	112
Carson Pirie Scott	780	681	634	206
Carter Hawley Hale	806	830	857	206
Castle & Cooke	910	913	940	185
Caterpillar Tractor	427	654	908	128, 170
CBI Industries	198	432	469	140
CBS	357	678	698	216
Ceco	675	284	273	137
Celanese	693	559	699	117
Celeron	19	27	363	94
Centel	324	555	573	213
Centerre Bancorp	636	566	797	73
Centex	249	138	139	140
Central & South West	499	650	764	103
Central Illinois Lt	701	707	753	103
Central Ill Pub Svc	668	771	805	103
Central Soya	796	782	710	183
Central Steel & Wire	648	602	326	112
Certain-teed	944	931	915	137
Cessna Aircraft	533	651	464	175
CFS Continental	732	596	180	202
Champion Intl	760	824	708	108, 137
Champion Spark Plug	773	866	867	144
Charter	13	55	130	89
Chase Manhattan	562	365	391	73
Chemical New York	549	472	462	73
Chesebrough-Pond's	177	351	355	196
Chic & North Western	141	416	29	178
Chic Pneumatic Tool	898	879	947	130
Chromalloy American	846	882	931	220
Chrysler	984	940	902	170
Chubb	332	178	511	80
CIGNA	**	**	**	80
Cincinnati G & E	676	768	917	103
Cincinnati Milacron	188	45	68	130
Circle K	567	748	302	204
Citicorp	470	512	430	73
Cities Service	803	761	164	89

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Citizens & Sthrn Ga	614	117	197	73
City Investing	477	289	248	80, 220
Clark Equipment	914	920	888	128, 170
Cleveland Elec Illum	663	813	869	103
Clorox	332	595	407	181
Cluett, Peabody	824	234	319	196
CNA Financial	169	**	281	80
Coastal Corp	726	836	846	89
Coca-Cola	125	475	644	188
Colgate-Palmolive	510	733	806	181, 196
Collins & Aikman	787	727	427	194
Colonial Penn Group	588	848	950	80
Colt Industries	809	880	307	112
Columbia Gas System	564	627	745	94
Combined Internatl	203	484	434	80
Combustion Eng	192	194	392	130
Comdisco	12	16	5	126
Comerica	693	649	722	73
Commercial Metals	490	585	108	115
Commonwealth Edison	761	817	873	103
Commonwealth Energy	637	700	769	103
Commonwealth Oil Rfg	982	971	969	89
Computer Sciences	52	123	327	126, 175
ConAgra	104	43	67	183, 185
Cone Mills	595	527	700	194
Consolidated Edison	679	554	557	103
Consolidated Foods	394	370	343	185
Consol Freightways	157	229	300	168
Consol Natural Gas	574	514	783	94
Consolidated Papers	214	207	309	108
Consol Petroleum	6	932	**	89
Consumers Power	735	741	905	103
Continental Corp	621	432	780	80
Continental Group	670	659	802	200
Continental Illinois	541	569	883	73
Continental Telecom	588	626	643	213
Control Data	789	108	165	71, 123
Cook United	955	971	531	206
Cooper Industries	103	132	727	130
Adolph Coors	849	825	786	188
Copperweld	612	775	490	112
Corning Glass Works	712	619	640	121, 220
CPC International	262	405	439	185
Crane	748	859	715	112, 137
Crocker National	595	494	630	73
Cross & Trecker	94	42	886	130
Crown Central Petroleum	205	151	252	89
Crown Cork & Seal	544	452	709	200
Crown Zellerbach	648	862	895	108
Cyprus & Forster	132	104	114	90
CSX	831	538	**	178
Culbro	514	691	461	198
Cullum Companies	179	67	57	204
Cummins Engine	801	759	704	144
Curtice-Burns	302	445	195	185
Cyclops	856	510	575	112
Dan River	858	255	623	194
Dana	518	658	635	144
Dart & Kraft	546	644	**	185
Data General	342	213	903	123
Datapoint	253	74	292	123
Dayco	823	837	899	130, 144
Dayton-Hudson	118	146	156	206

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Dayton Power & Light	703	784	833	103
Dean Foods	130	111	80	185
Deere	686	794	669	170
DEKALB AgResearch	680	736	901	183
Delmarva Power & Lt	716	769	767	103
Delta Air Lines	604	645	346	172
Deluxe Check Printers	56	229	175	218
Dennison Mfg	477	509	413	130
Denny's	282	376	411	208
DeSoto	867	620	592	137
Detroit Edison	810	797	887	103
Dexter	304	347	438	117
Di Giorgio	841	219	509	185, 202
Diamond Intl	868	876	552	200
Diamond Shamrock	478	841	926	89, 117
Dibrell Brothers	519	368	98	202
Digital Equipment	356	79	255	123
Dillard Dept Stores	681	496	82	206
Dillingham	**	69	**	140, 168, 208
Dillon Cos	108	344	311	204
Walt Disney	716	419	459	210
Diversified Energies	456	570	781	94
Donaldson, Lufkin	748	**	25	87
R R Donnelley & Sons	464	364	205	218
Dorchester Gas	62	85	342	89
Dorsey	819	540	402	200
Dover	69	124	185	137
Dow Chemical	407	750	809	117
Dow Jones	27	252	83	218
Dravo	845	846	935	140
Dresser Industries	328	374	826	100
E I du Pont	446	437	817	89, 117
Duke Power	585	582	797	103
Dun & Bradstreet	39	252	133	218
Duquesne Light	801	864	875	103
Dynalectron	616	224	124	140
E-Systems	409	323	55	175
Eagle-Picher Inds	724	793	696	130
Easco	608	799	842	144
Eastern Air Lines	974	971	686	172
Eastern Gas & Fuel	692	795	654	89
Eastman Kodak	231	470	375	210
Eaton	643	723	612	144
Echlin	555	682	581	144
Jack Eckerd	318	358	526	208
Edison Bros Stores	224	428	728	208
EG&G	43	80	34	121
El Paso	862	924	732	94
Electronic Data Systems	85	359	36	126
Emerson Electric	176	335	398	135
Emery Air Freight	42	661	907	172
Emhart	378	506	615	130
Empire	592	462	107	89
Engelhard	232	275	**	115
ENSERCH	388	497	488	94
Entex	82	150	340	94
Equifax	268	685	344	218
Equitable of Iowa	839	642	861	80
Ex-Lax	137	228	149	185, 220
Ethyl	475	672	480	117
Evans Products	783	221	957	137
Ex-Cell-O	517	395	484	130

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Exxon	254	429	658	89
Fairchild Industries	70	18	196	175
Farm House Foods	237	349	200	202
Farmers Group	280	246	423	80
Federal Co	553	691	320	185
Federal Express	28	11	39	172
Federal-Mogul	331	271	201	144
Fedl Natl Mortgage	953	938	468	71
Federal Paper Board	530	709	293	108
Federated Dept Stores	560	593	638	206
Fe:ro	604	690	641	117
Fidelcor	892	886	685	73
Fieldcrest Mills	709	530	856	194
Figgie International	442	274	179	220
Firestone	957	940	800	144
First Bank System	534	518	753	73
First Boston	195	169	41	87
First Charter Finl	938	923	750	78
First Chicago	839	808	659	73
First City Bancorp	329	283	548	73
First Executive	14	4	1	80
First Interstate Bancp	415	269	470	73
First Natl Boston	529	331	234	73
First Natl State Bcp	566	498	567	73
First Natl Supermkts	505	583	504	204
First Pennsylvania	975	940	966	73
First Security	417	530	774	73
First Union	467	238	240	73
First Wisconsin	656	302	637	73
Fischbach	437	507	446	140
Fisher Foods	746	850	572	204
Fleet Financial	402	299	263	73
Fleetwood Enterprises	815	799	182	210
Fleming Cos	325	485	186	202
Flickinger	464	407	148	202
Florida Power & Lt	606	607	990	103
Florida Progress	711	753	690	103
Flowers Industries	271	360	141	185
Fluor	155	173	392	140
FMC	596	536	550	117, 220
Food Town Stores	24	40	11	204
Foodarama Supermkts	936	918	841	204
Ford Motor	960	940	929	170
Foremost-McKesson	384	533	206	202
Fort Howard Paper	100	244	122	108
L B Foster	3	673	**	100
Foster Wheeler	97	102	296	130
Foxboro	531	380	495	130
Frederick & Herrod	860	869	270	183
Freeport-McMoran	91	159	117	117
Frontier Holdings	131	162	171	172
Fruehauf	859	838	863	170
Fuqua Industries	**	90	116	220
GAF	973	940	744	117, 137
Gannett	167	265	259	218
Gas Service	799	716	848	94
Gates Learjet	295	480	72	175
GATX	638	435	782	128
GEICO	8	**	37	80
Gelco	82	71	424	130
General Cinema	134	170	94	188, 210
General Dynamics	635	596	111	175
General Electric	216	421	382	135, 181, 220

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
General Foods	370	449	571	185
General Host	762	5	78	208
General Instrument	207	29	22	121
General Mills	291	361	410	185
General Motors	864	893	853	170
General Public Utils	720	909	967	101
General Re	134	103	145	80
General Refractories	971	940	952	130
General Signal	804	256	538	130
Gen! Tire & Rubber	870	854	591	144, 175
Genesco	923	**	632	194, 208
Genuine Parts	197	338	399	144
Geo International	30	95	**	100
Georgia-Pacific	651	776	886	108, 137
Gerber Products	460	507	650	185
Getty Oil	289	153	670	89
Giant Food	387	221	91	204
Gibraltar Financial	967	940	568	78
Gifford-Hill	734	596	374	137
Gillette	319	622	357	196
Girard	526	328	314	73
Godfrey	626	628	485	204
Golden West Finl	888	915	159	78
B F Goodrich	894	756	494	144
Goodyear	833	708	359	144
Gordon Jewelry	450	304	389	208
Gould	662	811	647	121
W R Grace	408	552	514	117, 220
W W Grainger	259	300	407	135
Graniteville	943	930	927	194
Great Atl & Pac Tea	977	971	824	204
Gt Northern Nekoosa	549	530	520	108
Gt Western Financial	913	901	455	78
Greyhound	582	623	530	168, 183
Grumman	863	891	158	175
GTE	537	664	593	121, 213
Gulf & Western Inds	457	584	348	220
Gulf Oil	606	632	720	89
Gulf Resources & Chem	964	940	718	115
Gulf States Utils	666	761	830	103
Gulf United	462	399	403	80
Halliburton	161	243	837	100
Hammermill Paper	688	592	414	108
Handy & Harman	239	431	162	115
Hanna Mining	872	873	959	115
Hannaford Bros	287	372	76	204
Hanover Insurance	374	130	334	80
Harcourt Brace Jovan	575	671	681	218
Harnischfeger	927	925	960	128
Harris Bancorp	837	829	751	73
Harris Corp	237	98	482	121, 130
Harsco	438	563	558	130
Hart Schaffner & Marx	763	397	131	194
Harvey Hubbell	346	412	257	135
Hawaiian Electric	733	629	712	103
Heck's	336	272	386	206
G Heileman Brewing	33	52	32	108
H J Heinz	321	210	304	185
Walter E Heller Intl	641	695	578	71
Hercules	620	549	412	117
Hershey Foods	277	346	203	185
Hewlett-Packard	240	120	81	121, 123
Hilton Hotels	81	62	99	210

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Edward Hines Lumber	969	940	884	137
Holiday Inns	657	414	239	210
Holly Corp	227	277	713	89
Honeywell	481	221	256	121, 123
Hoover	891	852	738	181
Hoover Universal	510	678	646	144
George A Hormel	509	410	235	183
Hospital Corp of Am	260	99	31	190
Household Intl	678	724	657	71, 206, 220
Houston Industries	552	635	807	103
Houston Natural Gas	85	191	651	94
HRT Industries	752	**	865	206
Hughes Tool	171	78	454	100
Humana	40	20	6	190
E F Hutton Group	65	72	14	87
Hycor	379	235	925	128, 170
IC Industries	813	575	596	178, 185, 220
Ideal Basic Inds	628	702	893	137
Idle Wild Foods	248	292	190	183
Illinois Power	616	774	880	103
Illinois Tool Works	316	357	379	130
Imperial Corp of Am	**	**	**	78
Inco	966	940	953	115
Indianapolis Pwr & Lt	612	741	778	103
Ingersoll-Rand	525	665	923	130
Inland Steel	909	902	938	112
Insilco	496	590	290	181
Intel	194	195	126	121
Interco	590	640	603	194
InterFirst	292	325	472	73
Interlake	877	868	725	112
IBM	144	512	649	123
Intl Flavors & Frag	144	387	694	196
Intl Harvester	978	940	972	170
Intl Minerals & Chem	388	709	582	117
Intl Multifoods	515	548	553	185
International Paper	564	629	777	108
Intl Tel & Tel	754	728	796	121, 220
InterNorth	307	476	574	94
Interpublic Group	208	354	405	218
Interstate Bakeries	917	940	678	185
Irving Bank	495	366	476	73
IU International	121	249	519	168, 220
James River Corp Va	53	44	44	108
Jefferson-Pilot	603	503	761	80
Jewel Cos	414	285	245	204
Jim Walter	834	861	737	37
Johnson & Johnson	217	314	369	190
Johnson Controls	377	295	672	135, 144
Jonathan Logan	962	940	452	194
Earle M Jorgensen	345	414	364	112
Joy Manufacturing	466	443	660	128
K mart	587	660	816	206
Kaiser Alum & Chem	563	408	839	115
Kaiser Steel	963	940	913	112
Kane-Miller	924	896	236	185
Kaneb Services	89	356	124	100
Kansas City Pwr & Lt	703	731	828	103
Kansas-Neb Nat Gas	361	656	442	94
Kansas Power & Light	598	718	662	103
Kaufman & Broad	893	57	250	140
Kay	576	324	155	183
KDT Industries	983	940	976	206

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
Kellogg	67	423	711	185
Kellwood	879	863	871	194
Kelly Services	60	107	167	126
Kemper	243	137	241	80
Kentucky Utilities	838	852	862	103
Kerr Glass Mfg	829	779	734	200
Kerr-McGee	543	564	653	89
Keystone Consolidated	965	940	673	112
Kidde	453	350	401	220
Kimberly-Clark	277	315	416	108, 196
King Kullen Grocery	865	614	458	204
Knight-Ridder News	390	296	223	218
Knudsen	502	145	173	185
Koppers	791	834	918	220
Kroger	379	201	143	204
Laclede Gas	573	552	671	94
Lear Siegler	100	126	291	144, 175, 220
Leaseway Transportation	220	476	378	168
Levi Strauss	75	143	184	194
Levitz Furniture	725	317	435	208
Libbey-Owens-Ford	878	881	733	144
Eli Lilly	156	455	471	192
Lincoln National	697	469	611	80
Liquid Air	628	760	890	117
Litton Industries	258	10	69	220
Lockheed	242	940	46	175
Loews	125	92	73	80, 198
Lone Star Industries	676	500	529	137
Long Island Lighting	608	792	835	103
Longs Drug Stores	226	384	388	208
Longview Fibre	836	884	765	108
Louisiana Land	174	636	756	89
Louisiana-Pacific	781	789	749	108, 137
Louisville Gas & Elec	791	813	878	103
M Lowenstein	895	8	174	194
Lowe's Companies	524	736	337	202
LTV	74	**	430	112
Lubrizol	98	403	679	117
Lucky Stores	124	519	639	204
Lukens	896	877	911	112
M/A-Com	268	88	20	121
Macmillan	941	928	373	218
R H Macy	283	146	62	206
Magic Chef	825	470	329	181
Malone & Hyde	355	480	308	202
Manhattan Industries	857	97	204	194
Manufacturers Hanover	520	567	631	73
Manufacturers National	786	767	683	73
Manville	884	851	970	137
MAPCO	139	574	943	89
Marine Midland Banks	852	510	361	73
Marion	438	701	936	89
Marriott	241	83	52	208, 210
Marsh & McLennan Cos	49	333	584	71
Marsh Supermarkets	309	270	79	204
Martin Marietta	348	285	191	175, 220
Maryland Cup	499	297	267	200
Maryland National	572	501	639	73
Masco	111	267	211	137
Masonite	**	933	**	137
Massey-Ferguson	989	940	973	170
Mattel	370	96	119	210
May Dept Stores	571	577	456	206
Maytag	116	698	619	181
MCA	359	468	243	210
McCormick	432	410	313	185
McDermott	799	878	937	100, 130
McDonald's	116	167	383	208
McDonnell Douglas	664	551	534	175
McGraw-Edison	601	490	561	135
McGraw-Hill	161	198	90	218
MCI Communications	44	**	2	213
Mead	487	670	840	108
Mellon National	627	449	463	73
Melville	73	202	213	194, 208
Mercantile Bancorp	428	474	689	73
Mercantile Stores	467	393	208	206
Mercantile Texas	227	247	301	73
Merck	111	489	693	192
Meredith	342	73	157	218
Merrill Lynch	309	200	59	87
Metromedia	9	23	21	216
MGM Grand Hotels	149	459	**	210
MGM/UA Entertainment	523	661	**	210
Michigan National	691	720	881	73
Midcon	538	648	**	94
Middle South Utils	654	766	843	103
Midland-Ross	641	608	819	130
Milton Bradley	351	283	282	210
Minn Mining & Mfg	143	347	499	220
Mission Insurance	31	32	84	80
Missouri Pacific	150	366	466	178
Mitchell Energy & Dev	17	50	134	89
Mobil	301	305	475	89
Mohasco	926	885	762	181
Monfort of Colorado	880	914	353	183
Monsanto	751	826	518	117
Montana Power	644	725	763	103
Moore Corp	322	561	587	126
Moore McCormack Res	516	490	801	168
J P Morgan	454	457	433	73
Morrison Knudsen	410	190	220	140
Morse Shoe	545	381	613	208
Morton Thiokol	263	77	295	117, 175
Motorola	458	383	228	121
Mountain Fuel Supply	622	714	851	94
Munford	575	812	422	204
G C Murphy	919	898	707	206
Murphy Oil	184	178	418	89
Nabisco Brands	295	393	**	185
Nalco Chemical	96	398	265	117
Nash Finch	498	651	784	202
Nashua	660	562	932	126
National Can	632	482	585	200
National City	583	688	859	73
Natl Convenience Stores	68	81	56	204
National Distillers	728	763	674	117, 188, 220
National Fuel Gas	703	600	648	94
National Gypsum	693	439	396	137
Natl Medical Enterps	200	58	19	190
Natl Semiconductor	281	292	370	121
National Svc Inds	235	300	227	117, 130, 135
National-Standard	928	916	955	112
National Steel	932	905	977	112
Nationwide	803	501	14	80
Natomas	154	319	32	89, 168

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Growth	Stock market	Industry survey page
NBD Bancorp	699	603	697	73
NCNB	469	321	429	73
NCR	323	156	280	123
New England Electric	534	568	544	103
N Y State Elec & Gas	578	663	760	103
New York Times	374	378	188	218
Newmont Mining	519	517	189	115
Niagara Frontier Services	252	436	523	204
Niagara Mohawk Power	647	703	797	103
NICOR	478	605	838	94
A C Nielsen	206	302	166	218
NIKE	2	2	**	194
NL Industries	200	187	298	100
Nordstrom	332	266	121	208
Norfolk Southern	440	172	**	178
North American Coal	454	440	570	89
North Amer Philips	570	505	425	121
Northeast Utilities	790	827	714	103
No Indiana Pub Svc	874	889	934	94, 103
No States Power	587	642	771	103
Northern Trust	761	680	515	73
Northrop	348	406	160	175
Northwest Airlines	929	903	443	172
Northwest Bancorp	540	516	675	73
Northwest Energy	447	529	618	94
Northwest Industries	71	115	565	112, 220
Northwestern Steel	844	867	876	112
Norton	422	370	445	130
Norton Simon	632	634	589	185
Nucor	41	63	54	112
NVF	890	895	322	112, 115
Oak Industries	443	81	246	121, 216
Occidental Petroleum	48	390	874	89
Ogden	420	572	452	168, 220
Ohio Casualty	128	163	332	80
Ohio Edison	775	855	909	103
Oklahoma Gas & Elec	720	818	827	103
Old Republic Intl	138	126	368	80
Olin	843	763	497	117, 220
Olympia Brewing	939	912	600	188
Oneok	245	461	616	94
Outboard Marine	880	858	510	210
Owens-Corning Fbrgls	743	755	742	137
Owens-Illinois	757	577	702	200
Pabst Brewing	948	934	859	188
PACCAR	257	330	389	170
Pac Gamble Robinson	798	816	791	202
Pacific Gas & Elec	669	735	703	103
Pacific Lighting	591	504	580	94
Pacific Pwr & Lt	634	746	794	103
Pacific Resources	375	353	181	89
Paine Webber	639	442	27	87
Palm Beach	165	273	547	194
Pan Am World Airways	954	971	944	172
Panhandle Eastern	227	355	619	94
Pantry Pride	990	940	787	204
Parker Drilling	63	60	691	100
Parker-Hannifin	393	533	549	130
Parker Pen	227	312	502	126
Parsons	51	118	86	140
Pay Less Drug NW	212	236	74	208
Payless Cashways	225	139	61	208
Pay'n Save	569	653	792	208
Peabody Intl	950	936	**	130
Penn Central	645	48	161	220
Penn Traffic	653	687	766	204
PennCorp Financial	**	220	232	80
J C Penney	701	673	563	206
Penn Power & Light	684	806	844	103
Pennwalt	758	741	912	117
Pennzoil	66	329	433	89
Peoples Drug Stores	434	116	85	208
Peoples Energy	503	697	**	94
PepsiCo	142	312	521	188
Perini	744	344	244	140
Perkin-Elmer	302	153	138	121
Petrie Stores	87	465	682	208
Petrolane	90	204	428	100
Pettibone	956	940	961	128
Pfizer	367	524	193	192
Phelps Dodge	921	892	704	115
PHH Group	105	141	66	130
Philbro-Salomon	22	76	**	202
Phila Electric	763	787	877	103
Philadelphia Natl	625	555	381	73
Philip Morris	110	188	321	198
Phillips Petroleum	212	267	757	89
Phillips-Van Heusen	867	22	360	194
Piedmont Aviation	109	264	23	172
Pillsbury	365	343	692	185
Pioneer	35	134	140	94
Pioneer Hi-Bred Intl	92	263	152	183
Pitney Bowes	268	100	254	126
Pittsburgh National	476	427	283	73
Pittston	876	910	941	89, 208
Pneumo	398	452	63	175, 204
Polaroid	889	832	779	210
H K Porter	794	540	896	130
Portland Genl Elec	741	823	896	103
Potlatch	736	789	655	108
Potomac Elec Power	709	726	686	103
PPG Industries	559	473	356	117, 137, 144
Primark	908	911	**	94
Procter & Gamble	251	425	604	181, 196
Provident Life & Acc	463	462	652	80
Public Service Colo	779	835	872	103
Public Service Indiana	480	669	854	103
Pub Svc Elec & Gas	745	758	795	103
Pueblo International	723	**	367	204
Purolator	272	466	118	126, 144
Quaker Oats	406	341	317	185
Quaker State Oil	567	773	558	89
Rainier Bancorp	527	437	716	73
Ralston Purina	584	703	641	185
Ramada Inns	949	937	545	210
Rath Packing	991	971	964	183
Raychem	358	86	212	135
Raymond Intl	714	786	946	140
Raytheon	95	128	209	121, 175, 220
RCA	674	756	810	71, 216, 220
Reading & Bates	177	181	371	100
Reichhold Chemicals	903	899	666	117
Republic Airlines	979	940	635	172
Republic Finl Svcs	309	295	89	80
Republic New York	136	185	60	73
Republic Steel	915	883	921	112

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Where to find the company

Company	Rank: Profitability	Rank: Growth	Rank: Stock market	Industry survey page
RepublicBank	382	408	330	73
Research-Cottrell	795	242	914	130
Resorts Intl	11	7	95	210
Revco D S	191	165	112	208
Revere Copper	906	**	962	115
Revlon	306	422	930	196
Rexnord	719	802	933	130
R J Reynolds Inds	193	459	409	198
Reynolds Metals	814	667	892	115
Richardson-Vicks	**	375	**	192
Riegel Textile	720	705	627	194
Rite Aid	175	124	123	208
RLC	**	926	**	168
Roadway Services	189	403	349	168
Robertshaw Controls	855	685	635	135
H H Robertson	297	1	335	137
A H Robins	513	[illegible]	339	192
Rochester Gas & Elec	685	665	820	103
Rockwell Intl	348	162	146	144, 175
Rohm & Haas	610	492	231	117
Rohr Industries	198	**	278	175
Rollins	218	416	516	100, 216, 220
Roper Corp	826	445	606	181
Rose's Stores	740	209	250	206
Royal Crown Cos	727	864	772	188
Ruddick	499	53	274	204
Ryan Homes	681	813	289	140
Ryder System	195	54	106	168
Safeco	382	286	286	80
Safeway Stores	585	599	676	204
Saga	551	564	113	208
St Paul Cos	325	311	323	80
St Regis Paper	697	749	889	108
Sambo's Restaurants	985	940	974	208
San Diego Gas & Elec	708	803	740	103
Santa Fe Industries	769	467	447	178
Savannah Foods	168	177	188	163
Savin	84	24	958	126
Schering-Plough	236	586	645	192
Schlumberger	21	38	354	100
SCM	769	543	430	108, 117, 137
SCOA Industries	45	61	16	194, 206
Scot Lad Foods	850	**	850	202
Scott & Fetzer	341	581	602	220
Scott Paper	720	476	532	108, 181
Scovill	755	319	831	137, 181
Seaboard	315	84	253	183
Seafirst	657	637	916	73
Seagram	506	133	129	188
G D Searle	223	340	101	192
Sears, Roebuck	819	788	723	71, 206
Seaway Food Town	369	287	187	204
Security Pacific	386	238	380	73
SEDCO	129	180	258	100
Service Merchandise	114	152	266	208
Servicemaster Inds	15	89	65	190
Shaklee	58	173	667	190
Shawmut	787	210	147	73
Shell Oil	285	291	288	89
Sheller-Globe	887	906	444	144
Sherwin-Williams	873	682	128	137
Shopwell	883	**	49	204
Sigmor	430	637	183	89
Signal Cos	97	289	272	170, 220
Singer	51	971	868	175, 181
Skyline	840	818	456	210
A O Smith	910	805	928	144
Smith International	160	136	533	100
SmithKline Beckman	15	49	178	192
Snap-On Tools	93	201	306	144
SONAT	243	294	396	94
Sonoco Products	352	332	219	200
So Carolina E & G	729	785	793	103
Southeast Banking	530	342	331	73
Southern Calif Edison	624	722	628	103
Southern Company	759	827	864	103
So New England Tel	651	573	507	213
Southern Pacific	885	610	719	178
Southern Union	327	547	847	94
Southland	386	398	386	204
Southwest Forest Inds	474	379	477	73
Southwest Forest Inds	671	720	706	108, 137
Southwestern Pub Svc	592	713	770	103
Sperry	660	591	869	123, 170, 175
Springs Industries	847	278	168	194
Square D	119	413	625	135
Squibb	600	746	294	192
A E Staley Mfg	421	536	597	183
Standard Oil Calif	276	316	479	89
Standard Oil Indiana	255	351	465	89
Standard Oil Ohio	10	19	318	89
Stanley Works	485	411	276	181
Stauffer Chemical	410	604	491	117
Sterling Drug	418	617	468	192
J P Stevens	925	894	460	194
Stewart & Stevenson	340	387	512	130
Stewart-Warner	774	796	626	130
Stokely-Van Camp	854	629	261	185
Stone Container	458	616	97	200
Stop & Shop Cos	484	479	71	204
Storage Technology	46	25	47	123
Strawbridge & Clothier	808	589	539	206
Subaru of America	4	9	3	170
Suburban Propane Gas	410	425	365	89
Sun Chemical	233	64	376	117
Sun Company	285	401	543	89
Sundstrand	153	182	260	130, 175
Super Food Services	693	696	406	202
Super Valu Stores	59	112	110	202
Superior Oil	401	59	150	89
Supermarkets General	166	94	64	204
Swift Independent	**	**	**	183
Sybron	828	821	768	190, 220
Sysco	265	168	17	202
Talley Industries	970	940	942	181
Tandy	7	26	9	208, 210
TECO Energy	534	606	752	103
Tecumseh Products	344	493	634	130
Tektronix	290	148	536	121
Teledyne	29	31	46	80, 220
Tenneco	397	639	735	89, 94
Tesoro Petroleum	50	140	285	89
Texaco	449	520	717	89
Texas Air	981	971	487	172

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

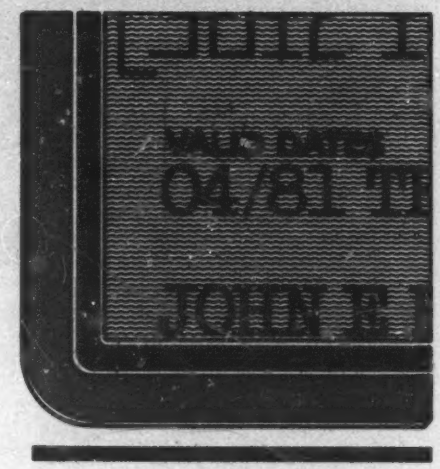
Where to find the company

Company	Rank: Profitability	Rank: Growth	Rank: Stock market	Industry survey page
Texas American Bshs	472	402	297	73
Texas Commerce Bshs	210	193	277	73
Texas Eastern	284	386	656	94
Texas Gas Transmn	293	368	546	94
Texas Instruments	402	464	395	121
Texas Oil & Gas	28	51	90	89
Texas Utilities	506	614	755	103
Textron	646	738	808	175, 220
Thriftimart	616	12	169	204
Thrifty Corp	491	287	269	208
Tidewater	159	396	492	100
Tiger International	916	908	956	128, 172
Time Inc	504	441	229	218
Times Mirror	220	257	199	218
Timken	670	646	790	130
Todd Shipyards	16	**	43	175
Toledo Edison	731	842	900	103
Torchmark	649	549	618	80
Toro	904	904	743	181
Tosco	5	14	222	89
Toys "R" Us	53	46	7	208
Trane	599	326	436	137
Trans World	939	105	170	172
Transamerica	380	226	481	71
Transco Energy	263	233	598	94
Transway Intl	492	717	788	168
Travelers	429	249	415	80
Trinity Industries	80	184	210	130
TRW	273	483	279	121, 144, 220
Turner Construction	147	262	226	140
Tyco Laboratories	32	56	194	135, 200
Tyler	249	487	474	130
Tyson Foods	330	259	45	183
U S Air	112	21	24	172
UAL	942	921	583	172
UGI	631	546	812	94
UMC Industries	784	829	949	130
Union Camp	390	579	569	108
Union Carbide	628	730	577	117, 220
Union Electric	654	745	818	103
Union Oil California	233	334	271	89
Union Pacific	538	260	338	89, 178
Uniroyal	959	940	601	144
United Brands	930	**	617	185
United Energy Resources	55	68	400	94
United Illuminating	577	780	845	103
United Merch & Mfrs	971	971	351	194
U S Bancorp	363	363	664	73
United States Gypsum	434	216	242	137
U S Home	432	106	58	140
U S Industries	934	897	535	220
United States Shoe	255	261	125	194
United States Steel	901	887	939	89, 112
United Technologies	394	494	473	175, 220
United Telecom	346	586	665	213
United Virginia Bshs	441	276	247	73
Univar	385	449	286	202
Universal Foods	399	560	587	185
Universal Leaf	293	310	390	202
Upjohn	186	309	599	192
USF&G	190	189	560	80
USLIFE	461	528	619	80
Utah Power & Light	742	789	739	103
Valero Energy	181	**	347	94
Valley National	360	245	393	73
Varian Associates	330	491	136	121
VF	148	242	48	194
Va Electric & Power	818	831	815	103
Vulcan Materials	172	307	216	117, 137
Wachovia	547	488	273	73
Wal-Mart Stores	34	36	15	206
Waldbaum	486	323	115	204
Walgreen	246	114	35	208
Wang Laboratories	26	17	4	123
Warnaco	337	**	51	194
Warner Communications	46	40	33	210
Warner-Lambert	737	856	729	192
Washington Gas Light	835	729	746	94
Washington National	718	643	622	80
Washington Post	102	159	105	218
Waste Management	107	47	18	130
Del E Webb	899	860	909	140, 210
Weis Markets	202	280	109	204
Wells Fargo	492	390	677	73
Wendy's International	57	30	420	208
West Point-Pepperell	699	822	812	194
Western Air Lines	976	940	951	172
Western Co No Amer	31	39	214	100
Western Union	900	734	163	213
Westinghouse Electric	451	215	299	135, 220
Westmoreland Coal	952	939	965	89
Westvaco	560	593	542	108
Wetterau	665	798	629	202
Weyerhaeuser	615	778	576	108, 137
Wheelabrator-Frye	381	251	556	130
Wheeling-Pitts Steel	933	870	819	112
Whirlpool	394	542	332	131
White Consolidated	588	799	489	181
Whittaker	152	13	96	190, 220
Wickes Cos	986	940	967	208
WICOR	778	753	855	94
Willamette Inds	670	809	500	108, 137
Williams Cos	851	874	776	117
Wilson Foods	961	971	**	183
Winn-Dixie Stores	211	445	383	204
Wisconsin Elec Power	622	613	775	103
Wisconsin Pwr & Lt	547	624	696	103
Wisconsin Public Svc	581	632	663	103
Witco Chemical	390	468	504	117
F W Woolworth	935	922	540	206
Worthington Inds	36	91	284	112
Wm Wrigley Jr	473	694	668	185
Wyman-Gordon	164	210	154	175
Xerox	365	526	882	126
Yellow Freight System	750	871	922	168
Zale	729	539	322	208
Zapata	445	252	217	100
Zayre	714	170	12	206
Zenith Radio	897	890	833	131
Zurn Industries	299	149	437	130

Profitability: 5-year return on equity. **Growth:** 5-year compounded annual earnings-per-share growth.
Stock market: 5-year price change. **Not ranked.

Charge cards that draw against the equity in your home are just one of a flock of new offerings in the financial free-for-all.

Financial services



By Priscilla S. Meyer and Laura Rohmann

FINANCIAL SERVICES used to be a well-defined industry made up primarily of corporate and personal finance companies—the little man's lender of next-to-last resort (the last being your friendly neighborhood loan shark). Now it's a free-for-all. In fact, by next year FORBES' list of financial service companies could be completely changed. The new leaders could be bank, brokerage or insurance holding companies, or even concerns from as far afield as Xerox.

"The industry that was once known as banking, the industry known as insurance, the industry known as brokerage—and a host of additional businesses—are all now evolving into a new industry called financial services," says James Robinson III, chairman and CEO of American Express Co. Robinson ought to know. His company now combines credit cards and traveler's checks with a major brokerage house (Shearson), a big insurer (Fireman's Fund) and an international banking operation.

Several things happened to trigger the changes. Behind them are a more sophisticated consumer and computers that instantaneously transfer funds and keep accounts. At the same time—and partly as a result of the computer—the federal government has been loosening laws and rules that restricted financial institutions from going into one another's business.

Because of the new products the computer makes possible, Americans have moved their savings into "sweep" accounts, annuities and insurance (universal life) backed by interest-earning money market funds; to similar funds attached to Visa and other cards that permit easy access; and even to loans against their houses that can be drawn down through Visa or MasterCard. Beneficial, an old-line financial service company, now offers second-mortgage debit accounts that permit free checking against second mortgages and says it already has 50,000 such accounts operating in 29 states.

One of the most popular new products is money market funds connected to checking accounts and Visa cards, such as Merrill Lynch's CMA accounts. Merrill was quickly followed by Shearson/American Express, E.F. Hutton, banks and others, each with variations on the theme.

One of the most far-reaching developments may be a regulatory change that allows thrifts to offer money market instruments with checking, backed by some sort of federal guarantee. Currently being introduced by thrifts across the country, this new capability has brought on a wave of acquisitions of S&Ls and savings banks by brokerage houses and other financial service companies. And it has the companies busily working out "insured" money market accounts and other new products to compete with the thrifts' new accounts. That in turn promises yet another wave of new products and additional business for some insurers.

By now, the revolution in financial services has attained a momentum of its own. "While Washington ponders legislative change, the old restrictions

Watch the factors

Virtually no other business swings so sharply on an economic turnaround as factoring—the business of buying the receivables of seasonal merchandisers like textile manufacturers and toymakers, as a form of lending.

In past recessions, major factoring companies like Mull Factors have collapsed while awaiting the turn. This time, though, the business seems to have survived with nothing much worse than poor earnings and lowered ratings from debt-rating agencies.

Take Walter E. Heller International, the largest international factoring company. By the third quarter of 1982 things were getting pretty bad—finance profits were down 40.6% from the year-earlier quarter. But Heller still had earnings in 1982.

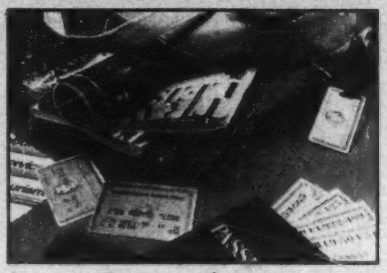
What made the difference? Only the few strongest factoring companies survived the recessions of the 1970s independently—and those, like Heller, have internationalized and diversified.

Beyond Heller, the effects of factoring are submerged these days in subsidiaries of large financial service companies, which have taken over some of the concerns that wavered in the late Sixties and Seventies. The biggest: two units of RCA's C.I.T. Financial, and units of First National Bank of Boston, Manufacturers Hanover, Irving Trust, Barclays American, Republic Factors, Citizens & Southern, Gulf & Western, Bankers Trust and Chase Manhattan. An economic turnaround should bring a big shot of adrenaline to them—and to their parents.—**P.S.M. and L.R.**

and limitations that are still on the books are being rendered less and less important," observes Robinson.

Indeed, even the barriers between finance companies are evaporating to the point that the National Consumer Finance Association gave up dividing finance companies by category late last year. Traditionally, it had separated consumer finance companies, primarily engaged in cash loans to consumers, from sales finance companies, which largely bought retail installment sales contracts from retailers and dealers. Now, says the NCFA, "generalizations of this type no longer apply." Consumer finance companies now often purchase installment sales contracts through cash loan offices, while sales finance companies have invaded the cash loan business. And both are active in many forms of commercial financing.

Financial service institutions that don't have sophisticated computer equipment in place are scrambling to do so. Take independent insurance agents, the local property/casualty sellers that are almost an American institution. Many such agents—which usually represent several underwriters in their local market—are in trouble. Not only do they face large insurers that employ their own salesmen, like Sears' Allstate, already computerized through its own retail stores, but also growing mass sellers of property/casualty insurance, through brokers like Marsh & McLennan, to corporations and through payroll deductions; sales of insurance through securities houses and life company agents; and competitive agents that are linked by computer to major insurance companies.



American Express cards
Not just for travel anymore.

Travelers, for example, is already computer-linked to some 350 agents. And Fireman's Fund has budgeted $100 million for computers for its agents and has bought, for $52.5 million, ARC Automation Group Inc., a computer system marketing company that sells automation services to agents and brokers.

Meanwhile, Transamerica—which has interests in both property/casualty insurance and life insurance—is buying Fred S. James & Co., a big computer-linked insurance brokerage concern with interests in employee benefits and insurance brokerage outlets around the country.

While the free-for-all rages on in the U.S., the seeds are being planted for expansion abroad—despite the currently strong U.S. dollar. Marsh & McLennan, Alexander & Alexander and other large insurance brokers have already established links to the London insurance market through major acquisitions. Now other financial service companies are following.

Sears, for example, made big moves into financial services when it acquired brokerage house Dean Witter and Coldwell, Banker & Co., a real estate broker. Now it is quietly expanding overseas through a new overseas trading company headquartered in Chicago, whose job is working on "trading strategies" for major international markets. The company is helping foreign retailers build and manage stores abroad, for which Sears is supplying American merchandise. Last year one such store opened in Chile; two more will be opening in Ecuador this year. It's a natural foothold for Sears credit, insurance, real estate and other financial services.

No question: 1983 promises to be a year of confusion and opportunity. ■

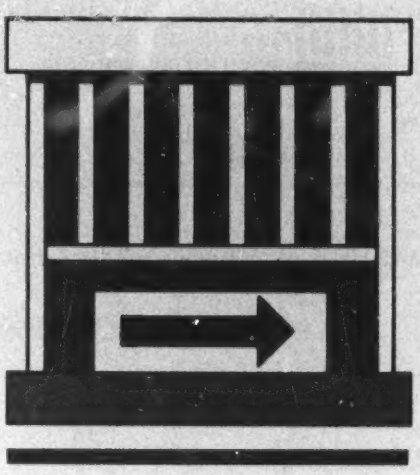
Financial services

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Alexander & Alexander	1	34.6%	20.7%	0.0	1	37.4%	22.7%	9.1%	3	25.0%	5	17.9%
Baldwin-United	2	30.3	38.7	1.1	3	18.6	19.2	3.1	1	55.2	1	25.4
Marsh & McLennan Cos	3	29.0	21.0	0.3	2	29.4	18.4	12.8	4	17.9	8	14.6
American Express	4	20.7	20.3	0.5	4	17.8	16.3	7.1	6	17.8	7	16.4
Transamerica	5	17.0	11.4	1.1	6	10.9	8.1	4.3	10	10.0	4	18.1
Alleghany	6	16.3	15.3	0.2	5	13.8	12.2	4.3	2	42.6	6	16.9
Avco	7	15.6	6.2	2.6	11	6.8	5.2	2.5	11	9.7	3	18.3
Walter E Heller Intl	8	12.8	18.8	2.1	10	7.3	9.1	7.0	5	17.9	9	5.4
RCA	9	12.4	9.9	0.9	7	9.9	7.8	2.8	12	9.0	11	3.2
Household Intl	10	12.3	8.9	2.1	12	6.7	5.6	1.8	8	14.6	10	4.4
Control Data	11	10.5	9.4	0.3	8	9.0	8.6	3.5	9	14.2	2	23.6
Sears, Roebuck	12	9.8	9.0	0.6	9	8.8	7.6	2.4	13	7.4	12	1.9
Beneficial Corp	13	5.2	def	3.4	13	5.2	3.3	def	14	7.1	13	–14.2
Fedl Natl Mortgage	14	0.2	def	41.1	14	4.8	4.5	def	7	16.8	14	–53.8
Industry medians		14.2	10.7	1.0		9.5	8.4	3.3		15.7		15.5
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
def: deficit.

Third World countries and tottering U.S. old-line companies notwithstanding, the old wisdom still seems compelling. Your friendly banker will always find a way to keep his head out of the noose.



Banks

By Eamonn Fingleton

DEPENDING ON HOW COSMIC the view of the observer, 1983 could be everything from a tough year for the banks to the collapse of Western civilization as we know it. Which will it be?

Take a look at the tables below. The Penn Square disaster may have shattered Wall Street's love affair with Sunbelt banks, but they remain the star performers of the FORBES rankings. Texas banks are in six of the first ten places in five-year return on equity. League-leader Allied Bancshares of Houston, which averaged a 27% return over five years, excelled itself with a sparkling 32% in the latest year. And that despite writing up its loan loss reserve to a record 1.6% of total loans. Oil-oriented business, which makes up about 30% of its total loan portfolio, has been springing some leaks. But Allied's down-home understanding of oil and oilmen seems to have saved it from the worst mistakes made by gullible out-of-staters.

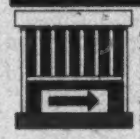
So far, at least. As Elvis Mason,

Banks

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings p.r share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
New York banks												
Republic New York	1	22.6%	19.6%	0.6	1	14.9%	14.4%	5.3%	1	43.9%	1	19.3%
Bankers Trust NY	2	16.6	18.0	0.2	3	13.2	15.2	4.8	9	19.4	2	17.6
J P Morgan	3	15.6	15.5	0.2	2	13.6	14.5	5.7	5	22.9	5	11.3
Citicorp	4	15.4	16.7	1.9	9	10.3	9.6	4.0	4	24.2	8	10.0
Irving Bank	5	14.9	12.9	0.4	5	11.6	10.8	3.5	8	20.1	4	13.7
Manufacturers Hanover	6	14.5	14.1	0.6	6	11.6	11.5	3.6	3	24.7	9	8.7
Chemical New York	7	14.1	15.1	0.3	8	10.7	12.7	4.1	6	20.6	6	11.0
Bank of New York	8	14.0	16.2	0.2	4	12.6	14.1	4.7	2	27.0	10	8.3
Chase Manhattan	9	13.9	11.3	0.5	7	10.8	10.1	3.2	7	20.6	3	13.7
Marine Midland Banks	10	8.9	10.2	0.5	10	7.5	8.7	3.4	10	16.6	7	10.1
Medians		**14.7**	**15.3**	**0.5**		**11.6**	**12.1**	**4.1**		**21.8**		**11.2**
Regional banks												
Allied Bancshares	1	26.7%	31.8%	0.2	1	23.0%	25.0%	11.2%	2	39.2%	1	23.4%
Texas Commerce Bshs	2	20.6	22.0	0.1	2	19.1	20.0	8.9	3	32.5	3	19.0
Mercantile Texas	3	20.1	19.6	0.3	5	16.8	20.7	8.5	1	45.5	9	17.2
InterFirst	4	18.7	18.3	0.5	6	15.3	15.6	7.4	6	28.3	17	14.8
First City Bancorp	5	18.1	16.9	3.1	3	17.1	16.6	7.3	4	30.4	13	16.3
Valley National	6	17.4	12.4	0.0	4	16.8	12.5	5.9	25	20.6	8	17.3
U S Bancorp	7	17.4	14.2	0.5	13	13.4	11.2	8.4	39	18.7	21	13.8
Bank of New England	8	17.3	16.5	0.3	18	12.7	13.2	5.2	7	28.2	12	16.4
RepublicBank	9	16.9	18.2	0.3	8	14.6	16.6	7.3	5	29.2	25	12.6
Security Pacific	10	16.8	15.5	0.8	10	13.7	11.2	4.9	16	22.5	5	17.5

Note: Explanation of Yardsticks calculations on page 50.



chairman of Dallas-based InterFirst, another top-performing oil bank, points out, it is the bankruptcy that bankers have not anticipated that scares them the most. The collapse of little Penn Square Bank in Oklahoma City last summer gave bankers a sharp reminder of just how devastating a bolt from the blue can be. In the oil fever that followed the 1979 OPEC price hikes, Penn Square generated $2 billion of participation loans for eager out-of-state bankers. In 1982's oil bust, many of the borrowers went under, taking Penn Square with them and costing other bankers about $500 million in writeoffs. For Continental Illinois alone, the resulting June quarter loan loss provision was $220 million.

Banks

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Fleet Financial	11	16.5%	18.0%	1.1	40	10.9%	10.6%	6.7%	46	16.7%	14	15.8%
First Interstate Bancp	12	16.3	13.6	0.4	15	13.2	11.4	5.0	31	19.5	10	16.6
First Security	13	16.2	15.6	0.6	26	11.7	11.6	8.5	32	19.4	37	9.4
Mercantile Bancorp	14	16.0	16.6	0.3	20	12.6	13.7	7.7	27	20.3	29	11.0
United Virginia Bshs	15	15.9	16.0	0.4	35	11.2	12.1	7.6	47	14.9	11	16.4
Barnett Banks Fla	16	15.8	15.4	0.4	17	12.9	12.4	6.9	24	20.9	7	17.5
BankAmerica	17	15.7	10.4	0.4	19	12.6	9.2	2.8	23	21.0	31	10.5
First Union	18	15.4	15.3	0.3	29	11.6	12.5	5.6	28	19.7	5	17.5
NCNB	19	15.4	15.0	0.3	27	11.6	12.7	6.4	30	19.5	16	15.1
Texas American Bshs	20	15.3	16.6	0.3	12	13.5	14.9	7.7	8	27.3	24	12.9
Southwest Bancshares	21	15.3	17.7	0.2	7	14.7	19.8	8.3	10	26.5	22	13.3
Pittsburgh National	22	15.2	15.7	0.2	9	14.1	13.7	6.8	13	23.4	26	12.0
Wells Fargo	23	14.9	13.7	1.2	31	11.5	9.7	4.2	20	21.5	23	13.0
Girard	24	14.4	12.7	0.4	33	11.3	11.0	6.3	51	12.4	18	14.7
Rainier Bancorp	25	14.4	12.2	0.2	16	13.1	11.2	5.5	18	21.8	27	11.7
First Natl Boston	26	14.4	14.6	0.5	41	10.6	11.7	4.3	13	23.4	19	14.6
Southeast Banking	27	14.4	12.8	0.4	38	11.0	10.3	5.9	26	20.5	20	14.3
First Bank System	28	14.3	11.5	0.4	23	12.0	9.8	4.9	22	21.3	36	9.9
Northwest Bancorp	29	14.3	10.8	0.5	32	11.3	9.2	4.8	19	21.6	35	10.0
Continental Illinois	30	14.2	6.3	0.5	22	12.2	6.7	1.7	11	25.7	40	8.6
Wachovia	31	14.1	13.6	0.0	11	13.6	13.2	6.7	42	17.4	30	10.7
First Natl State Bcp	32	13.9	16.2	0.2	25	11.7	14.0	7.2	40	18.3	33	10.3
Maryland National	33	13.8	13.6	0.3	30	11.6	12.0	7.0	36	18.9	34	10.2
National City	34	13.6	11.4	0.3	14	13.4	10.1	6.8	17	22.2	48	5.5
Crocker National	35	13.4	5.1	0.2	44	10.2	5.6	2.0	21	21.4	32	10.4
Citizens & Sthrn Ga	36	13.2	15.7	0.2	21	12.3	14.3	7.3	52	12.2	2	23.0
Philadelphia Natl	37	13.0	15.2	0.4	45	10.1	12.0	6.7	49	14.5	38	8.9
Mellon National	38	13.0	14.3	0.5	36	11.2	11.5	5.9	37	18.9	28	11.4
Centerre Bancorp	39	12.8	10.3	0.3	24	11.9	9.1	4.5	15	22.5	39	8.7
First Wisconsin	40	12.6	12.3	0.3	43	10.3	10.5	4.8	50	13.1	15	15.7
Seafirst	41	12.6	def	0.2	28	11.6	def	def	12	24.3	44	6.7
California First Bank	42	12.1	4.3	0.4	49	9.2	4.8	1.8	9	27.3	42	7.2
Michigan National	43	12.1	0.3	0.3	46	10.0	1.6	0.2	41	18.2	49	4.5
Comerica	44	12.1	9.9	0.1	34	11.3	9.7	4.6	29	19.6	45	6.4
NBD Bancorp	45	12.0	11.1	0.2	39	11.0	10.2	5.4	45	17.0	41	7.6
Northern Trust	46	11.0	10.8	0.1	47	9.9	10.3	4.0	34	19.2	47	5.8
AmeriTrust	47	11.0	9.8	0.0	37	11.0	9.8	8.8	48	14.5	46	6.2
Manufacturers National	48	10.5	8.1	0.2	48	9.4	7.7	3.3	33	19.3	50	2.8
Shawmut	49	10.5	12.8	0.3	42	10.6	14.6	5.5	43	17.1	4	18.6
First Chicago	50	9.6	10.3	0.3	51	8.4	9.2	2.9	38	18.9	51	1.1
Harris Bankcorp	51	9.4	10.2	0.0	50	8.9	10.3	3.9	35	19.2	53	0.4
BanCal Tri-State	52	8.5	4.2	0.3	53	7.0	4.0	1.5	53	12.0	43	7.0
BancOhio	53	8.3	7.3	0.1	52	8.0	7.2	3.4	44	17.0	52	1.1
Fidelcor	54	6.6	15.0	0.4	54	6.3	12.3	6.3	54	8.2	54	–7.8
First Pennsylvania	55	def	def	3.1	55	def	3.0	def	55	6.9	55	P–D
Medians		**14.3**	**13.6**	**0.3**		**11.6**	**11.2**	**5.9**		**19.7**		**11.4**
Industry medians		**14.4**	**13.7**	**0.3**		**11.6**	**11.4**	**5.4**		**20.5**		**11.3**
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
P–D: profit to deficit. def: deficit.

Even so, for the vast majority of banks, which had resisted the temptations Penn Square succumbed to, things so far could have been a lot worse. Of the conspicuous walking wounded at the beginning of 1982, only Braniff has fallen by the wayside as 1983 begins. International Harvester, burdened by bank debt totaling $4 billion, is still staggering gamely on. On the international front, such big borrowers as Mexico and Poland are on life-support machines—but bankers at least were professing hope about the outcome.

The result is that analysts have been pruning back their earlier forecasts of loan loss provisions. According to Jonathan Gray, banking analyst at Sanford C. Bernstein, at the beginning of the year the industry had seemed as if it were headed for average 1982 loan loss provisions of 47 cents per $100 of assets. But Gray reckons, based on a sample of 16 major banks, that the outturn for the industry will be more like 42 cents. That compares with a record 49 cents for the industry in 1975, when it was inundated by a wave of REIT bankruptcies. The bad news is that much of the loan loss impact may still be ahead, and he is now forecasting average provisions of 50 cents for 1983.

The industry's total accumulated loan reserves now average more than 1% of total loans, according to the Arthur Young accounting firm. Is that enough? "It probably is, if the economy has started to recover," says Bud Ward, chairman of Arthur Young's banking committee. "But if the recession goes on, who knows?"

How much damage could International Harvester do if it finally keeps its much-predicted appointment with the grim reaper? Even if it does $800 million, says Jonathan Gray, "the point is that the banks have probably already anticipated much of that in their provisions."

Of course, the banks like to think of their current loan loss worries not as some potential cataclysm but simply as an irritating sideshow that deflects their attention from the real issue—how to fend off the challenge from nonbank entities that are becoming banks in everything but name. For years the banks watched helplessly as money market funds and, more recently, financial service companies like American Express and Merrill Lynch—and even some retailers like Sears and Kroger—lured away their big depositors.

Now the banks have some of the ammunition to defend themselves—they were authorized late last year to launch new money market deposit funds, which allow them to match the high interest rates their nonbank competitors can pay. How effective will it be? Already some analysts doubt whether the new funds are a panacea. According to Lawrence Cohn, banking analyst at Dean Witter Reynolds, many banks run the risk of "cannibalizing" their own deposit base. "The California banks and other regionals are going to find a lot of their customers switching from low-interest accounts to the new accounts," he says. "They'll just be paying more interest for money they already have."

New York money center banks stand to gain the most, Cohn reckons. They have suffered most from the incursions of the money market funds and are already paying the going rate for money. So their strong brand names will ensure more than their fair share of any interest-sensitive money switches back to the banks.

Sanford Bernstein's Gray is betting on what he regards as the industry's Houdini-like ability to get itself out of every jam. "Everyone thinks the industry is helplessly buffeted about by events, but in fact it has a lot of control over its profitability," he says. "If the cost of the banks' funds goes up further, it will only be part of a trend that they have been coping with very successfully since 1978. They have lost money to the money funds; many of their checking customers have switched to NOW accounts; and they have had to introduce money market certificates. In that time they have widened the margin between their prime and what they pay on money market certificates from 149 basis points to 506."

He sees a similar pattern in the industry's response to loan losses. "To the extent that Continental Illinois or Chase gets hit by a Penn Square, Citi and Morgan will benefit," he says. "Penn Square will influence banks' perception of risk, and the next time a wildcat driller goes to roll over its debt, it will not be borrowing at prime. Loan losses are like any other cost of doing business. To focus on them alone is like focusing on an insurance company's claims without looking at what premiums it is charging."

Put it another way: Never bet totally against your friendly banker. No matter how much both of you are hurting, he has a way of coming out at least even. ■

The runner stumbles

For decades, BankAmerica has been called "the world's biggest bank." But is it? In several key measures, its longtime rival, Citicorp, took over the title late in 1982. Consider:

- In total assets, Citicorp now leads, $128 billion to $120 billion.
- In net worth, it's Citicorp $5.35 billion, BankAmerica $4.58 billion.
- In 1982 earnings, it was Citicorp $760 million, BankAmerica $440 million, according to Value Line estimates.

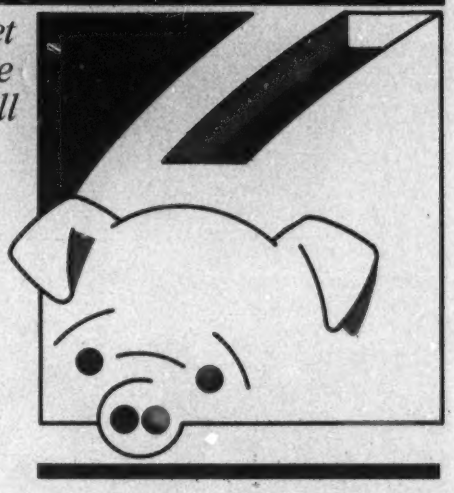
A temporary phenomenon? Maybe. But with interstate banking coming, BankAmerica's natural advantage of its populous California base is being undermined. BofA stumbled last year when its vast real estate loan portfolio went sour along with California's housing boom. To try to support its sagging profits, BankAmerica retrenched on marginal overseas business. This cut total assets slightly—by about $1 billion—while Citicorp's were surging ahead.

Ironically, some of Citi's assets spurt came from taking over troubled Fidelity Savings & Loan of San Francisco, which Citicorp obviously intends to use for an assault on BankAmerica's retail heartland in California. This may hold risks as well as benefits. "They may have added $3 billion in assets but they have taken on a lot more as well," says one BankAmerica executive.

BankAmerica is still $18 billion ahead in pure banking-business assets (disregarding sundry financial services like Citi's traveler's checks and Diners Club).

How much does being the biggest matter? Not much, say BankAmerica officials, predictably enough. But one outside observer, Arthur Young's banking expert, Bud Ward, disagrees. "You bet it matters," says Ward. "Bankers measure themselves by total assets and compete against each other on that score at both the state and national levels."—E.F.

Not everyone is going to make it to the banquet table. But those S&Ls and savings banks that are far-seeing or fortunate enough to get there will savor the feast all the more.



The thrifts

By Eamonn Fingleton

WHAT A DIFFERENCE a year can make. The thrifts, orphans a year ago, have made quite a splash on Wall Street lately. For many, prices have doubled since the gridlock of high interest rates broke in the summer, and a few wonder stocks, like H.F. Ahmanson and First Charter Financial, trebled in little more than three months.

It's a long way from last January, when savings and loans were paying 12½% and more for deposit money to prop up mortgage loan portfolios yielding as little as 9% or 10%. Back then, thrifts were disappearing at the rate of one a day, mainly through takeovers on humiliating terms. As late as June, about 1,000 of the 4,000 S&Ls were grimly calculating that without an improvement in interest rates they would go under by the end of 1983.

But the story of the turnaround is much more than just a cyclical dip in interest rates. The regulators and the politicians were so badly scared by the big 1981 spike in interest rates that seemed close to wiping out the industry that they have been dismantling restrictions wholesale. "The politicians at last seem to be waking up to the fact that the people's right to own their own homes is a pillar of Western democracy," says Mark Taper, chairman of First Charter Financial's American Savings Federal.

A little dramatic, perhaps, but not overstated. The S&Ls have, for instance, gradually been winning greater freedom to charge market rates for mortgages. The rules were relaxed first in California, and since the mid-Seventies, lenders there have been taking increasing advantage. But for the industry elsewhere it was only in 1981 that flexible-rate mortgages became a possibility. Now nearly half of all mortgages at some California associations are on an adjustable-rate basis. But the rest of the industry's average is still low.

The industry also has new powers to solicit funds across state borders—the result of a little-publicized FHLBB regulation permitting thrifts to supplement deposits with such national fundraising efforts as brokered certificates of deposit. According to Kenneth Rilander, senior vice president at Blyth Eastman Paine Webber, the move is the biggest thing to happen to the liabilities side of thrifts' balance sheets since the 1930s, when savings accounts became federally insured. "Now they are no longer imprisoned by territorial rules on deposit-taking," he says. "They can not only operate at a national level but also raise money at the same effective cost of big industrial companies."

Rilander reckons the thrifts raised more than $3 billion this way in the

The thrifts

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Golden West Finl	1	6.9%	def	0.5	1	6.3%	def	def	1	32.7%	2	–16.1%
Gt Western Financial	2	4.8	def	0.4	2	5.1	def	def	4	18.4	1	–12.3
H F Ahmanson	3	3.7	def	0.4	4	3.2	def	def	3	18.6	3	–16.7
First Charter Finl	4	3.3	def	0.8	3	4.6	def	def	5	16.6	4	–19.5
Gibraltar Financial	5	def	def	0.3	5	def	def	def	2	22.6	5	P–D
Imperial Corp of Am		**	def	0.8		**	def	def		**		**
Industry medians		3.7	def	0.5		4.6	def	def		18.6		–16.7
All-industry medians		15.9	12.7%	0.4		11.0	9.3%	3.4%		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
P-D: profit to deficit. def: deficit. **Not available; not ranked.

first six months after the rules were relaxed, and could perhaps raise over $10 billion this year. Among the biggest beneficiaries so far are Home Federal of San Diego, Texas Federal, Florida Federal and Far West Savings. In October, Far West, for instance, raised $75 million on certificates yielding about 12.4% on those maturing in 1988 and 12.5% for those due in 1994—less than half a point more than the yield on comparable Treasury bonds.

Another victory for the thrifts has been the right to diversify lending

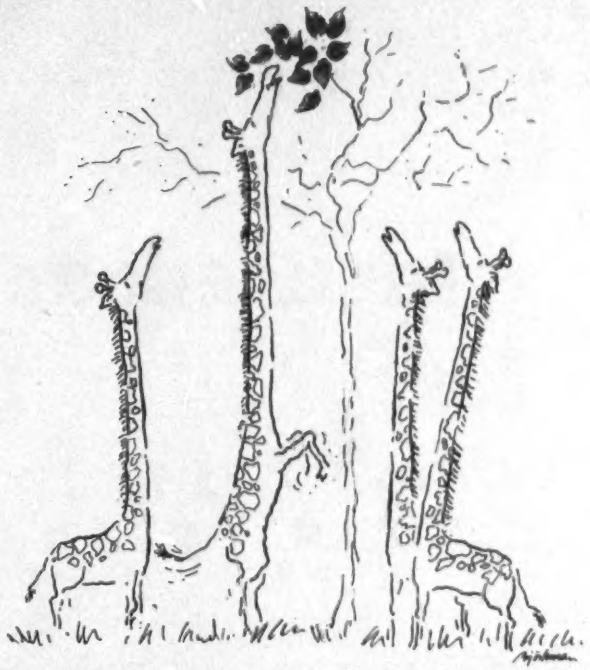
"Any conglomerate that wants a back-door way into banking should take a close look at the thrifts. They can now offer personal customers a very attractive deal—perhaps free checking or a free Visa card. In any fair fight for deposits they can hold their own."

outside of residential real estate: In the next few years they will be able to extend up to 10% of total lending in the commercial area and 30% in consumer credit.

In fact, the rules have undergone such a sea change that, according to Jonathan Gray, an analyst at Sanford C. Bernstein, the thrifts are now commercial banks in all but name. "Any conglomerate that wants a back-door way into banking should look closely at the thrifts," he says. Rilander is even more sanguine. "We are seeing the rebirth of the thrift industry," he says. "They can now offer personal customers a very attractive deal—sometimes free checking, perhaps a free Visa card, your salary automatically paid into your account and a loan to buy your next car. So in any fair fight for deposits, thrifts can now hold their own."

He reckons that new mortgage lending should be highly profitable, with the thrifts currently making a margin of three points and more between the adjustable mortgage rate and their cost of funds. Rilander says: "With adjustable rates, real estate lending is a good business—one where the thrifts have a wealth of experience that gives them an edge over commercial banks."

Not everybody will be around to share in the good times, of course. Since 1980, a total of 678 thrifts have been swallowed in mergers. But for the survivors, 1983 could be a very good year indeed. ■



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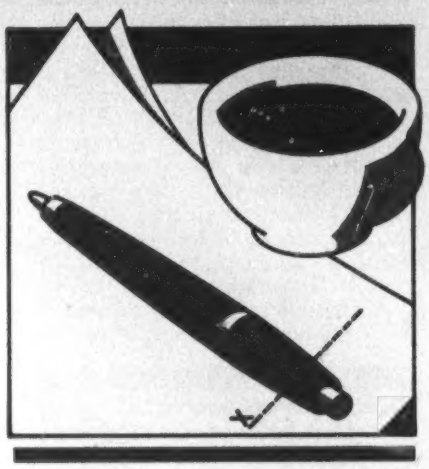
For much of the insurance industry, 1983 will probably be even worse than 1982. Then why have insurance stocks been rising?



Insurance

By John R. Dorfman

PROPERTY AND CASUALTY insurers aren't skating on thin ice anymore; they are skating on cracking ice. For the past four years, they have been engaged in one of their periodic price wars. Last year the average company paid out about 81 cents in claims for each $1 of premiums. Add about 27 cents for company expenses and a penny or two for policyholder dividends, and outgo exceeded premium income, $1.10 to $1.

What has kept the ice from breaking, of course, is investment income—bigger and bigger doses of it each year. That has been enough for the industry to stay in the black—but less so recently. In 1978 the industry's pretax net exceeded $8 billion; in 1983 it could fall below $1 billion. Analyst Denis Callaghan of Dean Witter Reynolds Inc., for example, expects that $1.10-to-$1 figure, which insurers call the combined ratio, to reach $1.13 to $1, an alltime record.

But no longer can insurers count on rising interest rates to bail them out. With rates falling, income will fall substantially this year at some companies. Hardest hit will be smaller, newer firms: High rates were mother's milk to them. At older firms with mature portfolios, investment income will continue to inch up, as old low-yield bonds are replaced with higher-yielding ones. But industrywide, profits will be down, as underwriting losses all but eat up investment returns. And a major natural disaster could throw the industry into the red.

So why have insurance stocks been rising? Simple. Every downtick in interest rates adds billions of dollars to the value of insurers' bond portfolios. That improvement in financial health won't show up on companies' bottom lines. Nor, because of accounting quirks, will it be fully reflected on balance sheets. No matter. When a company's real assets are growing, that company is getting stronger—and Wall Street knows it, even while the industry goes through the keyhole this year.

In fact, most observers think rates should begin to firm in 1983. The first hints are in personal lines. State Farm and Allstate, which between them control about a quarter of the auto insurance market, have already hiked

Winter storm in Chicago
Disasters could be the difference.

prices a little. Another harbinger: In the reinsurance market, buyers are getting more concerned with reinsurers' financial strength, less concerned with price. On commercial lines, especially commercial multiperil, however, price wars are continuing unabated. Meanwhile, workers-compensation revenues are hurting because of high unemployment.

On the life and health side of the insurance business, things are better than on the property and casualty side. Last year saw profit declines at many companies, but they were relatively moderate, and in 1983 a modest rebound seems in store.

But life insurance has some long-term problems. It has looked increasingly unattractive to consumers in recent years. Many buyers have switched to term insurance (death protection only) and do their investing elsewhere. For similar reasons—high interest rates—policyholders have been borrowing on their policy cash values to reinvest elsewhere. To fork over the cash, companies have had to sell bonds at a loss. That can be dangerous: Some analysts have built doomsday scenarios on a continuation of the trend.

Interest rates have fallen in time to avert doom, and insurers are now protecting themselves by putting variable-rate loan clauses in their contracts. The overall decline in interest rates may also make whole life more attractive. And the industry is grabbing some of its lost dollars back through new investment-oriented products like universal life. These will help, but the odds are life insurance will never get back to the good old days. Overall, says Callaghan, "The life insurance industry's share of the disposable dollar has now been falling for close to 20 years and will probably continue to decline."

In fact, the major growth lately in the life/health area has been in group health insurance, an efficient system compared with individual coverage, and structured so that insurers needn't wait overly long to recover the expenses of rising health care costs. Profits from group health, figures A. Michael Frinquelli of Salomon Brothers, will lead the life/health segment to its modest recovery.

What about pensions and annuities? The recent vogue for single-premium deferred annuities is another fad that's fading with high interest rates. Life insurers have been managing a lot of pension money, but they will lose some if the stock market continues to be strong. "Insurers,"

says analyst Frinquelli, "have historically been known as good debt managers, but as less good equity managers."

A larger question may be when the next kamikaze price war will start, now that the industry is paying the piper for this one. Will insurers ever learn to resist this suicidal cycle? Probably not. Says CIGNA Corp. Chairman Ralph Saul: "Some people feel it will take a major insolvency or a major catastrophe" to restore pricing sanity to the industry. ■

Insurance

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings p. share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Life and accident												
First Executive	1	39.0%	29.0%	0.3	1	22.9%	19.9%	1.3%	1	94.4%	1	90.0%
Combined Internatl	2	20.7	17.1	0.0	2	20.5	17.4	8.2	5	15.1	8	10.8
American Family	3	16.4	10.5	0.1	4	15.1	7.2	3.7	2	30.2	15	5.0
USLIFE	4	15.5	12.4	0.4	10	12.4	10.0	9.7	9	11.8	11	9.5
Gulf United	5	15.5	13.6	0.6	8	12.7	9.7	7.9	3	21.0	5	12.9
Provident Life & Acc	6	15.5	11.0	0.0	3	15.4	10.9	5.9	14	4.9	7	11.2
Business Men's Assur	7	15.1	9.2	0.0	6	14.0	9.0	7.3	14	4.9	2	35.6
Capital Holding	8	14.0	14.2	0.5	5	14.0	11.7	8.5	6	14.5	6	11.3
Jefferson-Pilot	9	13.3	10.7	0.0	7	13.1	10.7	9.6	11	10.2	10	10.2
Torchmark	10	12.7	12.0	0.4	11	12.3	9.2	9.1	7	12.6	13	9.0
American Natl Ins	11	12.5	9.5	0.0	9	12.4	9.5	9.4	13	8.3	4	15.0
Washington National	12	11.9	7.7	0.0	12	10.8	7.5	2.7	8	11.8	12	9.2
Nationwide	13	10.2	8.6	0.0	13	10.5	8.7	4.6	12	10.0	9	10.2
Equitable of Iowa	14	9.3	4.5	0.2	14	8.8	5.9	2.7	4	18.2	14	6.6
PennCorp Financial		**	12.8	0.4		**	10.7	8.6	10	10.6	3	18.2
Medians		**14.6**	**11.0**	**0.1**		**12.9**	**9.7**	**7.9**		**11.8**		**10.8**
Fire and casualty												
GEICO	1	46.5%	30.1%	0.6	2	23.9%	21.0%	9.0%	14	4.8%		D–P
Mission Insurance	2	31.8	23.0	0.1	1	26.6	20.9	10.6	1	28.4	1	35.3%
Ohio Casualty	3	22.9	13.7	0.0	3	22.5	13.6	7.0	7	15.4	7	20.2
Crum & Forster	4	22.8	15.3	0.0	5	22.0	14.8	7.0	11	12.7	4	24.6
General Re	5	22.6	20.5	0.0	4	22.1	20.4	13.2	5	17.3	3	24.7
USF&G	6	21.0	8.5	0.0	6	21.1	8.6	4.9	10	13.2	9	19.1
American Express	7	20.7	20.3	0.5	9	17.8	16.3	7.1	4	17.8	10	16.4
Kemper	8	19.7	11.7	0.0	7	20.0	12.1	3.7	2	22.2	6	21.6
Hanover Insurance	9	19.1	12.9	0.0	8	18.6	12.8	5.7	9	14.5	5	22.0
Republic Finl Svcs	10	18.3	15.0	0.2	11	14.7	13.4	5.5	8	15.0	12	16.0
Chubb	11	17.9	11.5	0.1	10	16.7	10.7	5.1	12	9.6	8	19.6
City Investing	12	15.2	8.9	1.3	14	9.8	8.7	1.6	6	16.9	11	16.1
Continental Corp	13	13.1	7.8	0.0	12	12.2	7.7	4.6	13	9.2	13	11.9
Berkshire Hathaway	14	11.2	5.9	0.2	13	10.1	6.5	6.8	3	19.1	2	27.7
Medians		**20.2**	**13.3**	**0.1**		**19.3**	**13.1**	**6.3**		**15.2**		**20.2**
Multiple line												
Teledyne	1	32.3%	21.9%	0.3	1	23.4%	16.7%	12.5%	12	9.7%	1	35.4%
Loews	2	23.0	18.7	0.5	12	12.2	11.4	5.0	4	15.4	2	25.5
American Intl Group	3	22.9	20.2	0.0	3	21.6	19.5	11.3	1	22.7	3	23.5
Old Republic Intl	4	22.6	18.6	0.2	2	22.1	16.0	10.4	3	18.1	4	22.2
CNA Financial	5	21.7	13.9	0.2	11	12.4	11.0	4.4	13	8.3		D–P
Aetna Life & Casualty	6	19.0	14.3	0.1	5	17.4	14.2	3.7	6	14.6	6	18.9
Farmers Group	7	19.0	17.0	0.0	4	18.7	16.8	19.9	5	14.8	8	17.2
St Paul Cos	8	18.0	16.2	0.1	6	16.3	15.1	8.5	9	12.1	14	15.5
American General	9	17.9	15.2	0.1	8	15.2	14.6	7.1	10	11.1	7	17.8
Safeco	10	16.9	12.8	0.3	9	13.9	10.9	7.5	7	12.8	5	19.3
Travelers	11	16.0	11.1	0.0	7	15.3	10.9	2.8	11	10.5	9	17.1
Colonial Penn Group	12	13.5	8.2	0.0	10	13.5	8.2	2.0	2	20.3	12	–2.1
Lincoln National	13	12.1	9.0	0.1	13	11.0	8.7	3.8	8	12.6	11	11.1
CIGNA		**	19.3	0.1		**	18.5	7.3		**		**
Medians		**19.0**	**15.7**	**0.1**		**15.3**	**14.4**	**7.2**		**12.8**		**18.4**
Industry medians		**17.9**	**12.9**	**0.1**		**15.2**	**11.0**	**7.0**		**13.9**		**17.2**
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
D–P: deficit to profit; not ranked. **Not available; not ranked.

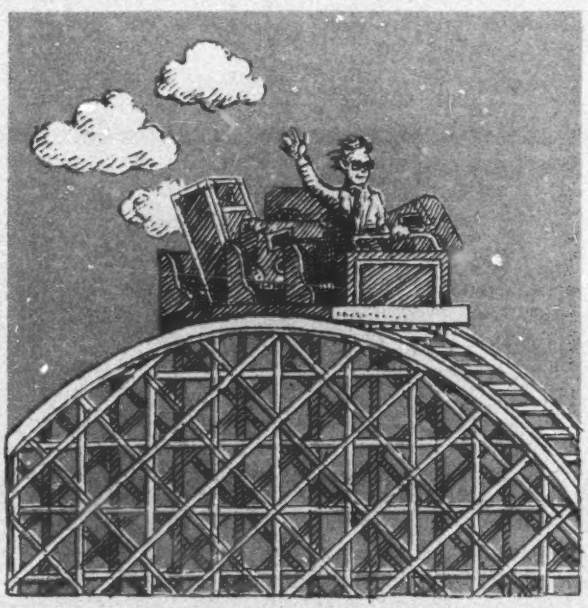
Hasn't anyone here heard of Glass-Steagall? The banks seem to be ripping it to shreds in their rush to buy into Wall Street.

Brokerage

By Richard L. Stern with Laura Saunders

BANK OF AMERICA bids to acquire discount broker Schwab & Co.; Union Planters National Bank, First Union Corp. and Security Pacific pick up discount brokers of their own. A half-dozen S&Ls get approval from the Federal Home Loan Bank Board to establish broker/dealer subsidiaries. Bankers Trust takes Wall Street to court to win the right to underwrite commercial paper.

Hasn't anyone here heard of Glass-Steagall, the 50-year-old New Deal law that is supposed to separate commercial banking from brokerage and investment banking and keep the bankers from wheeling and dealing on Wall Street with your checking account deposits? Apparently not. The banks have been attacking or circumventing Glass-Steagall on regulatory and legal fronts all over the country.



But Wall Street can be tricky for the outsider. Some of the big U.S. corporations that bought into The Street a year earlier could testify to that. Dean Witter Reynolds was barely profitable during the first half of 1982; parent Sears, Roebuck dispatched one of its own, Philip Purcell, to be president. Prudential hired George Ball away from rival E.F. Hutton to shape up its 1981-acquired Bache subsidiary.

Significantly, the banks are invading Wall Street through the discount brokerage window. Yet, as Drexel Burnham Chairman Robert Linton, chairman of the Securities Industry Association, points out, discounting represents only about 10% of Wall Street's commission revenues—$160 million out of $1.6 billion in 1982's first half, for example. "There are 20,000 banks and S&Ls out there," says SIA Senior Vice President Donald Crawford, "and discounting is not much of a pie for all of them to share." But there's a battle shaping up here. With a lower fee structure and with a vast network of offices and computers, the banks may be in a position to broaden that market share by a wide margin. It will be quite a fracas.

While the bankers move in, the country's ten largest investment bankers are further concentrating their power. They earned almost two-thirds of the securities industry's $462 million in pretax profits for the first half, and the top five managed 70% of the issues brought under SEC Rule 415, which speeds up corporate issues. The 25 largest securities firms now control nearly three-fourths of the total capital of the country's hundreds of brokerage and investment banking houses. The bankers won't find Wall Street easy pickings.

But it's still easy to see why the bankers want a piece of the action. Wall Street is the same old roller coaster it always was, but when the coaster turns up the ride gets exhilarating. When the stock market turned in late summer the upside leverage was terrific. First Boston rang up record earnings, 50% greater than ever before in its history. Says E.F. Hutton's Chairman Robert Fomon happily: "October was a great quarter."

The fast-moving markets and high volume that brought all this about could work against The Street, however, if the market turns dull again. The reason is that operating costs are spiraling and so are capital requirements. Suddenly, a 45-million-share day is merely break-even for some houses, while a few years ago it meant a 20% return. What's a 20% return these days? "About 75 million shares," says Prudential-Bache's Ball. In today's economy what goes up doesn't necessarily have to come down again--not when it's a matter of operating costs.

Yet despite these hazards, the invasion by the banks goes on. Legislation in Congress last year would have per-

mitted the banks into almost everything but the outright underwriting of equities. The bills failed, but they will probably be back in one form or another.

While the banks invade The Street, though, The Street has mounted a counterattack. Merrill Lynch Cash Management Accounts, and similar services offered by others, amount, of course, to interest-bearing checking accounts with collateralized loan privileges. At least two brokers have already acquired banking institutions—Dean Witter owns an S&L through parent Sears, and Shearson indirectly acquired a bank in Boston, disposing of its loan portfolio to make the acquisition legal.

In fighting back, the brokers can be expected to make much of bankers' follies like Penn Square, Chase's Drysdale Securities problems and loans to the Third World. Can the wonderful folks who lent depositors' money to Poland and Zaire be trusted with your investment dollars? You can expect to hear lots of arguments like that. But then Wall Street is not faultless either. The fracas is going to be fun. And isn't competition always a good thing? ■

Brokerage

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
E F Hutton Group	1	27.5%	17.9%	0.4	1	24.0%	15.8%	4.3%	3	33.8%	1	28.2%
First Boston	2	20.8	37.1	0.1	2	20.9	37.7	6.3	2	41.3	2	19.8
Merrill Lynch	3	18.3	18.2	0.4	3	15.4	14.9	4.8	5	26.3	3	18.8
Paine Webber	4	12.8	24.5	0.7	5	10.5	17.2	3.2	4	32.8	4	11.6
Donaldson, Lufkin	5	11.3	14.8	0.7	4	10.5	12.1	2.7	1	41.8		D–P
Industry medians		18.3	18.2	0.4		15.4	16.8	4.3		33.8		19.3
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
D-P: deficit to profit; not ranked.

General Instrument Microelectronics, New York. Investing $17 million to double the size of their micro-chip fabrication plant.

Coors Ceramics UK Limited. Making impressive inroads from Glenrothes into the multi-million dollar European technical ceramics market.

Rodime P.L.C. European manufacturers of 5¼ inch Winchester disc-drives. Making history by exporting computer technology to the U.S.A.

Brand Rex, cable specialists of Connecticut. Investing $3.4 million in factory extension and new machinery.

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- ☐ Best industrial climate in Western Europe
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- ☐ Including 100 golf courses – like St. Andrews and Gleneagles – less than an hour away.

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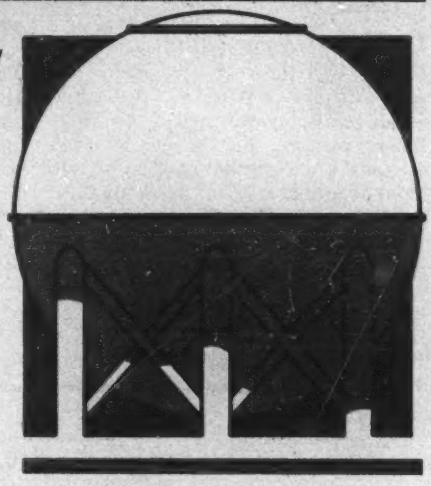
That huge offshore California oil strike may get the headlines; but given the state of the world crude market, the $40 billion that U.S. oil companies are investing in refining and marketing may mean more to their future.



Energy

By Anne Bagamery

HOW DOES A BIG corporation bring a key downstream operation back nearly from the dead? Ask Phillips Petroleum. Like many another oil company, Phillips watched its refining and marketing margins squeezed to nothing two years ago between rising crude prices and falling demand for gasoline. But last year, Phillips made an estimated $40 million on refining while much of the industry was still bleeding. "Incredible," says a rival executive. "Just a little belt-tightening," drawls Dick Robinson, Phillips' vice president for refining.

Some belt-tightening. Phillips shut down 23% of its 380,000 barrels-a-day refining capacity, reduced the work force by 12% and spent $1 billion to equip two big Texas refineries to process cheaper grades of crude.

It's a real lesson in successful downsizing. And Phillips is not alone. After years of taking a back seat to wildcatters and geologists, the oilmen who run U.S. refining and marketing operations are fast becoming the Brahmans of the business. In most cases, they have turned dogs into profit centers by applying the most basic principles: Cut out fat, spend liberally for efficiency. Says Ronald Jones, refining director of the American Petroleum Institute: "This is one area of real industrial leadership in America."

Look at some numbers: In 1980 U.S. refining capacity stood at 18.7 million barrels a day. Some 500,000 of that was in "teakettles" built under the old entitlements program to break down high-grade crudes for conversion into gasoline and other fuels. By 1982, however, the oil companies had permanently shut down 3.1 million barrels a day, or 16.6%—more than matching a 10% drop in gasoline consumption in the same period. The teakettles have either disappeared or been modernized, and many in the industry think another million barrels or so of capacity—mostly east of the Rockies and north of the Sunbelt—will be phased out by the end of this year.

Just as important, in 1980 less than 30% of the industry could process the "sour" sulfurous crudes that now constitute the bulk of the world's known reserves and sell for $2 to $10 a barrel less than "sweet" crudes like Saudi Arabian light. By the end of 1982 close to 50% of the industry had heavy-sour capability, thanks to some $20 billion in capital spending by integrated companies and independents alike, who are committing another $20 billion to finish the job by 1986.

Chevron U.S.A.'s refinery at Richmond, Calif.
Turning some dogs into profit centers.

In marketing, the industry is being equally aggressive. Majors like Texaco and Amoco are closing service stations in low-volume areas. Arco doesn't issue credit cards, while Gulf and others collect fees on charge purchases and discount for cash. Crown Central is even installing automated bank teller machines in some of its stations to drum up business. And nearly everyone is ripping out full-service islands to make way for self-service pumps and kiosks that sell everything from fan belts to microwave cheeseburgers.

"The wild card of the 1980s could be the downstream operations," predicts analyst Bernard Picchi of Salomon Brothers. "The question is no longer whether improvement will occur, but when."

There is strong evidence that 1983 could be the year. Consider:

• With all the shutdown capacity, refineries are running, on average, at 73%. Closing down another million barrels a day would boost that figure to close to 80%, the level at which economies of labor and energy begin to take effect.

• Upgrading projects scheduled for completion this year will convert another 1.5 million barrels a day to heavy-sour capability. That's bound to cut drastically the price refiners pay for feedstock—and, therefore, boost refining margins. Texaco, for example, figures it will improve its margins by $3 a barrel just by being able to run heavy-sour crude through four newly modernized plants—a move that could add as much as $770 million to Texaco's gross profits by 1986.

• While gasoline demand will probably remain flat, thanks to conservation, demand for diesel and jet fuels should pick up when the economy recovers.

• Since crude prices are expected to remain soft, independent refiners—those without a captive supply of feedstock—should benefit by being able to shop around.

Of course, one of the reasons downstream is looking better these days could be that upstream is looking worse, at least in the near term. True, U.S. companies will continue spending, albeit more selectively, to build up their dwindling reserves, and bidding for top geologists will always be hotter than west Texas in July. But as long as product prices remain flat, companies will probably find it more sensible to leave the oil in the ground

Energy

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales	Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
International oils												
Occidental Petroleum	1	29.2%	9.0%	0.3	3	15.1%	7.7%	2.0%	4	18.5%	4	13.0%
Phillips Petroleum	2	20.5	11.8	0.2	1	15.8	9.1	4.1	1	19.7	1	16.7
Exxon	3	19.5	15.0	0.1	4	14.4	10.6	4.0	6	15.6	5	11.9
Standard Oil Calif	4	19.1	12.0	0.1	2	15.2	9.6	3.9	5	16.1	3	15.3
Mobil	5	18.4	10.7	0.2	5	13.4	8.2	2.4	3	19.1	2	15.7
E I du Pont	6	15.7	9.8	0.6	6	12.7	6.7	3.1	1	19.7	6	11.7
Texaco	7	15.7	10.7	0.2	7	11.7	8.7	3.0	7	14.7	7	9.8
Gulf Oil	8	13.3	9.3	0.2	8	10.8	7.2	3.1	8	10.5	8	6.8
Medians		18.8	10.7	0.2		13.9	8.5	3.1		17.3		12.5
Other oil and gas												
Tosco	1	56.4%	48.8%	1.1	4	17.4%	21.5%	3.6%	7	33.8%	1	56.6%
Consol Petroleum	2	50.0†	def	1.0	39	5.7††	def	def	1	84.0‡	40	–35.3‡
Standard Oil Ohio	3	42.8	31.7	0.6	2	20.0	19.3	14.5	11	30.4	2	47.9
Charter	4	39.5	5.9	0.5	1	22.6	8.7	1.2	12	29.9	5	30.1
Mitchell Energy & Dev	5	37.2	24.6	1.2	20	13.0	9.0	9.2	3	38.8	3	30.9
Superior Oil	6	34.8	12.4	0.4	25	11.2	6.4	12.7	10	30.9	6	29.7
Texas Oil & Gas	7	32.4	35.3	0.5	7	16.0	17.0	13.2	8	32.1	4	30.7
Tesoro Petroleum	8	28.9	13.4	0.0	8	15.7	10.2	2.0	16	26.9	10	21.2
Dorchester Gas	9	27.7	12.1	0.8	5	17.0	7.8	1.5	2	81.4	7	26.2
Ashland Oil	10	27.5	14.5	0.5	12	14.4	9.0	2.0	36	15.4	14	18.3
Pennzoil	11	27.4	17.1	0.6	15	13.6	9.7	8.1	28	17.9	19	14.7
Belco Petroleum	12	23.8	20.2	0.1	3	18.5	15.4	31.3	39	11.3	9	22.1
MAPCO	13	22.5	15.3	0.8	23	12.4	8.6	4.2	5	34.5	28	8.4
Natomas	14	22.1	9.0	0.9	9	15.6	6.0	6.2	9	31.4	18	15.2
Louisiana Land	15	21.6	8.7	0.4	6	17.0	5.5	6.0	17	25.9	29	6.8
Atlantic Richfield	16	21.3	19.7	0.4	16	13.6	12.1	6.3	22	22.3	8	22.4
Murphy Oil	17	21.2	19.8	0.3	19	13.0	13.0	6.1	30	17.3	13	19.6
Crown Central Petroleum	18	20.7	8.5	0.5	22	12.6	5.9	1.0	20	22.8	11	20.6
Holly Corp	19	20.1	18.8	0.3	11	14.4	12.3	2.0	14	28.4	16	16.4
Union Oil California	20	19.9	19.8	0.3	14	13.8	14.1	7.5	38	13.4	20	14.6
Standard Oil Indiana	21	19.5	16.9	0.3	13	13.8	11.5	6.0	27	18.2	21	14.2
Shell Oil	22	18.8	17.6	0.3	18	13.2	11.8	8.1	32	16.8	17	16.0
Sun Company	22	18.8	11.0	0.4	17	13.2	7.6	3.5	21	22.4	23	12.9
Getty Oil	24	18.8	14.9	0.1	10	14.8	11.1	5.5	19	25.3	12	20.4
Amerada Hess	25	18.1	7.0	0.6	21	12.8	4.6	2.0	34	16.6	24	12.1
Pacific Resources	26	17.1	6.6	1.4	29	10.1	5.0	0.4	15	27.1	22	14.1
Tenneco	27	16.7	14.6	0.7	33	9.6	7.6	5.1	29	17.7	31	6.7
Suburban Propane Gas	28	16.4	14.6	0.5	28	10.2	9.5	2.9	25	19.7	25	12.0
American Petrofina	29	16.2	10.4	0.4	26	11.2	8.0	2.5	35	16.2	32	6.5

Note: Explanation of Yardsticks calculations on page 50.
† Four-year average. †† Three-year average. ‡ Four-year growth. def: deficit.

Safari time

Variation on an old joke: Where does a 500-million-barrel elephant sleep at night? An elephant, for the uninitiated, is a gigantic oilfield, like Prudhoe Bay in the Alaskan North Slope or Point Arguello off the California coast. These days, elephants are an endangered species; experts think most of the world's remaining reserves of oil lie in smaller deposits or in hard-to-get-at formations.

Lately, elephant-hunting has taken on an added urgency because U.S. companies badly need to bulk up their proved reserves, which even at today's depressed production levels will start to run out in 9.5 years (vs. 69 years for OPEC countries). At the same time, drilling costs are rising and companies are holding or cutting back exploration budgets in the face of slack demand for crude. What does this indicate? "Companies need to hit more often, and they need to hit bigger," says Stephen Chamberlain of the American Petroleum Institute.

The best elephant-hunting is not onshore in the U.S. and probably not onshore anywhere else in the world. Offshore, the Alaskan North Slope is still considered a hot prospect; experts think it could yield another billion-plus find like Prudhoe Bay and several multimillion-barrel fields. Chances are also good off Indonesia and Australia, where geologists think lie 10 billion to 20 billion barrels yet to be discovered, or off South America, central and southern Africa and in the North Sea.

Oilmen are also excited about the Cauvery-Godavari basins off the west coast of India, which last year produced both oil and gas after years of being considered unproductive. China, both onshore and offshore, is largely unrested but last year was the subject of furious bidding by U.S. and foreign companies alike. Experts think the bidding will remain hot and heavy this year.

Trying to hit bigger, of course, means bigger risks. The average offshore well costs $4 million—vs. around $400,000 onshore—and drilling in choppy seas and sub-Arctic temperatures can be brutal.

The threat of future expropriation hangs in the air, too, whenever U.S. companies drill on foreign turf—although the world political environment seems to be getting friendlier. After a disappointing round of bidding early last year, Brazil is revising the terms of its exploration and production contracts. Other countries, like Ecuador and the Ivory Coast, are extending time periods and increasing foreign drillers' share of the proceeds. Says John Sawhill, former Deputy Secretary of Energy, now a McKinsey & Co. consultant: "With new loans to non-OPEC developing countries declining, those governments really need foreign investment." Good news for elephant hunters.—A.B.

Energy

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Sigmor	30	16.0%	def	1.0	24	12.2%	def	def	4	37.7%	30	6.7%
Marion	31	15.9	def	0.8	27	10.5	def	def	6	34.0	33	5.1
Diamond Shamrock	32	15.2	12.6%	0.5	31	9.8	8.0%	5.0%	24	19.7	38	–1.4
Union Pacific	33	14.3	12.0	0.4	34	9.2	7.2	6.3	23	21.4	15	16.8
Kerr-McGee	34	14.2	13.3	0.5	30	9.8	8.0	5.3	37	14.2	27	8.7
Quaker State Oil	35	13.8	15.9	0.4	32	9.7	11.0	4.0	26	18.9	36	2.6
Empire	36	13.5	12.2	1.1	35	8.9	7.4	1.7	18	25.7	26	11.2
Allied Corp	37	12.0	11.6	0.3	36	8.2	8.4	4.4	31	17.1	34	4.5
Coastal Corp	38	11.8†	7.9	1.0	38	7.5†	7.1	0.8	13	29.8	37	–1.2
Cities Service	39	10.2	8.0	0.6	37	7.7	5.8	2.1	33	16.6	35	3.0
United States Steel	40	5.7	1.5	0.3	40	5.0	2.7	0.6	40	10.0	39	–8.0
Commonwealth Oil Rfg	41	def	def	13.5	41	def	def	def	41	2.5	41	D–D
Medians		**18.8**	**12.6**	**0.5**		**12.8**	**8.0**	**4.0**		**22.4**		**14.2**
Coal												
North American Coal	1	15.6%	26.3%	7.7	2	6.8%	6.9%	4.3%	1	13.2%	1	11.6%
Eastern Gas & Fuel	2	12.1	14.9	0.5	1	7.3	8.3	5.2	2	11.9	2	1.7
Pittston	3	7.8	7.7	0.2	3	6.6	6.4	2.1	3	9.8	3	–15.0
Westmoreland Coal	4	0.4	8.6	0.4	4	1.5	6.9	2.4	4	4.6	4	–56.1
Medians		**10.0**	**11.8**	**0.5**		**6.7**	**6.9**	**3.4**		**10.9**		**–6.7**
Industry medians		**18.8**	**12.1**	**0.5**		**12.7**	**8.0**	**3.6**		**19.7**		**12.9**
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
† Four-year average. D-D: deficit to deficit. def: deficit.

for the time being. In fact, one reason Standard Oil of California (Chevron) is so excited about its piece of the potential billion-barrel Point Arguello find off Santa Barbara is that the oil won't begin to flow until 1986 or so. "I don't quite know what we'd do with it now," says Will Price, Chevron U.S.A.'s senior vice president for downstream operations.

What's more, the taxman plays a role in spoiling the party upstream. Oil companies traditionally book their profits at the wellhead, which is why windfall profits and other taxes take up to 67 cents of every upstream dollar. Downstream operations, meanwhile, benefit from the tax breaks that derive from all that capital spending. "And if Reagan needs extra tax revenue this year for defense, you can bet the wellhead is one of the first places Congress will look," adds energy tax specialist Frank Burke Jr. of Peat Marwick. Politicians, apparently, still think oil companies make "obscene" profits.

It's timely, too, that refining and marketing are becoming healthier than at any time in memory. The fact is, from now on they will have to be. The old strategy, of course, was to absorb losses, if necessary, on refining and service stations in order to maximize production upstream. Now, as analyst Sanford Margoshes of Shearson/American Express points out, "each segment must stand on its own." Some of the smarter companies realized that long ago. Shell was one of the first to spend big on refinery upgrading—some $400 million in the 1960s on its plants in Texas, Louisiana and Missouri. Shell and Exxon were early to convert service stations to self-service.

Every year the mix of crudes gets heavier and sourer. That's especially true of reserves that lie offshore and in the virgin provinces, like China, where U.S. companies are increasingly involved *(see box, opposite)*. So oilmen know it's too soon to claim absolute victory downstream. They know, for example, that at least another million barrels in refining capacity could go over the next few years, and that competition for a shrinking gasoline dollar will only get worse, especially from nonoil-company retailers like 7-Eleven owner Southland Corp., which is installing pumps at its ubiquitous convenience stores. "All we're going to do in the near future," says Shell Fuels Logistics Manager Leonard Goldstein, "is continue to learn to do more with less." These days that's certainly nothing to apologize for. ■

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

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600,000 Shares

Equitable Bancorporation

Adjustable Rate Cumulative Preferred Stock, Series A
(Liquidation Preference $50 Per Share)

Price $50 Per Share
(Plus accumulated dividends, if any, from date of original issue)

Dividend Rate through March 31, 1983 at 11.75% per annum

After March 31, 1983, the dividend rate will be reset quarterly. It will be equal to .25% below the Applicable Rate. The Applicable Rate for each dividend period, determined in advance of such period, will be the highest of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Twenty Year Constant Maturity Rate. However, the dividend rate for any dividend period will in no event be less than 7% per annum or greater than 15% per annum.

Copies of the Prospectus may be obtained in any State in which this announcement is circulated from only such of the underwriters, including the undersigned, as may lawfully offer the securities in such State.

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November 24, 1982

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Let everybody know where you're moving to.

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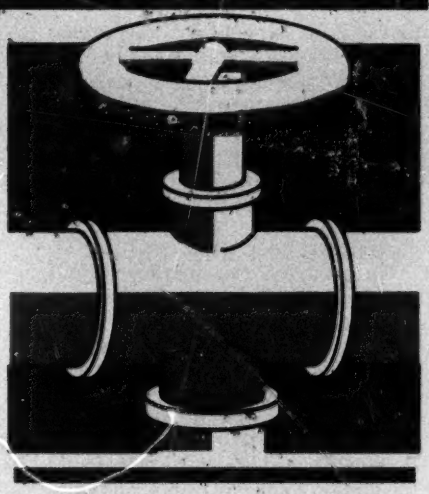
Whatever happened to LNG as an alternative energy supply? It's just about dead—except for one enormous albatross around the neck of Texas' Panhandle Eastern Corp.



Natural gas

By William Baldwin

BACK IN THE EARLY Seventies, it seemed to make sense. In retrospect, it was one of the worst ideas ever: Buy up trillions of cubic feet of liquefied natural gas in Algeria and ship it to the U.S. in special refrigerated tankers.

In September Panhandle Eastern, a Houston-based pipeline company, began taking deliveries of Algerian LNG under a contract that runs for another 20 years. If the contract holds up, the company will be spending $1.1 billion a year for energy that is worth only $750 million a year to the U.S. But there's a fair chance that, under orders from the Federal Energy Regulatory Commission, the project will meet the same fate as an earlier one by El Paso Co. and be scrapped. That would leave only one working LNG import deal: a small project run near Boston by Cabot Corp. and supplying only winter peak-load gas.

How did Panhandle get into this mess? It was only responding to the tortured economics of federal gas regulation. First there were three decades of price ceilings, which so discouraged exploration that by the mid-Seventies the U.S. had a bad natural gas shortage. That was followed by a partial deregulation in 1978, which tempted the pipelines to overpay for new supplies because the cost could be rolled into a base of old gas maintained at artificially low prices. Now there's a gas glut.

If Panhandle honors the contract, it will be paying just under $4 per thousand cubic feet (mcf) for LNG in Algeria, having it hauled to the U.S. and converting it back into gas to be injected into one of its pipeline systems in Lake Charles, La. All in all, transportation and regasification would add about $3 per mcf to the price, for a total price tag of just over $7, on a contract volume of 165 billion cubic feet a year.

Panhandle doesn't like to talk about that $7 cost. Why? Because the gas is worth only about $4.50 at the burner to the many industrial users who can burn low-grade fuel oil instead. Panhandle focuses on its average selling price which would range from $3.79 to $4.38 if FERC permitted recovery of the LNG outlays. Even with a distributor's markup, those prices are competitive with fuel oil in many areas.

Liquefied-gas tanker arriving at Lake Charles, La.
An expensive way to fuel industrial boilers.

But economists argue that *average* costs are the wrong way to look at an energy supply. What matters is *marginal* costs: what the last drop of energy costs to get, what the last customer in line is willing to pay. The fact remains, says Henry Jacoby of MIT, that the LNG deal displaces $4.50 fuel oil with $7 imports. It's irrelevant that Panhandle has some cheap supplies, too, or that Panhandle gas is used by some homeowners to whom it may be worth $10. The only possible rationale for taking the LNG, Jacoby says, is the expectation that if the Algerians are overpaid now, they will gratefully furnish bargain gas in five or ten years, when the U.S. may be desperate for additional supplies.

That doesn't seem likely. In the earlier, and since scuttled, LNG deal, the Algerians stung El Paso Co. with an attempted 200% price increase after El Paso and its three pipeline customers had spent over $1 billion on LNG tankers and port facilities. And only last summer—even as the U.S. was drowning in a gas glut—the Algerians forced Panhandle to agree to a 70% acceleration in the rate at which the $4 base price escalates with future crude-oil prices.

If the energy is worth $4.50 per mcf in the U.S. and costs $3 to get here, it is, logically, worth only $1.50 FOB Algeria. But it's unlikely the Algerians would agree to a drastic price cut, since they are probably spending at least $2 an mcf just to liquefy the gas. "With few exceptions, LNG projects don't make any sense," says Bijan Mossavar-Rahmani, a former Iranian delegate to OPEC who is now at Harvard. Utilities and industrial users on the Panhandle system agree: They are asking FERC to invalidate the Algerian contract.

But getting rid of the albatross will mean big writeoffs on both sides of the Atlantic. On this side, there is the $150 million annual cost of mothballing and amortizing Panhandle's Lake Charles terminal, plus the near-total

loss of $375 million sunk in two U.S.-owned LNG tankers. The company could make a strong case that it shouldn't pay the entire tab since, after the gas shortages of the past decade, government regulators and utilities egged the pipelines on in a pay-anything hunt for supplies: deep-well gas, gas from coal and imported LNG. In fact, some of the same users complaining about the high-price gas now are also involved in $2 billion worth of lawsuits against various pipelines for the gas curtailments in the Seventies. Damned if you do, damned if you don't.

Panhandle's problem looks like a disaster for almost all involved—but not quite all. There are 80 parties and intervenors in the federal proceedings, and plenty to fight over. It means, says one FERC attorney, "megadollars for the lawyers." ■

Natural gas

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Producers and pipeliners												
Panhandle Eastern	1	20.1%	17.9%	0.8	3	10.5%	9.2%	7.0%	3	26.9%	3	14.1%
SONAT	2	19.7	20.9	0.6	1	11.5	11.3	7.6	5	25.2	2	16.0
Transco Energy	3	19.3	20.9	1.0	8	8.1	9.0	4.2	1	32.0	1	17.8
Texas Eastern	4	18.8	16.1	0.5	5	9.7	7.9	3.9	6	23.2	5	13.1
Texas Gas Transmn	5	18.7	17.6	0.5	4	10.5	10.2	3.9	7	22.1	4	13.6
ENSERCH	6	18.3	18.0	0.6	2	10.9	11.2	4.8	2	27.1	6	10.4
Tenneco	7	16.7	14.6	0.7	6	9.6	7.6	5.1	9	17.7	7	6.7
Midcon	8	14.3	14.3	0.5	7	8.9	9.4	4.0	4	25.5	8	6.4
El Paso	9	8.4	19.7	1.4	9	4.9	8.2	2.7	8	19.9	9	–20.2
Medians		18.7	17.9	0.6		9.7	9.2	4.2		25.2		13.1
Pipeliners and distributors												
Celeron	1	36.2%	24.8%	0.3	1	22.5%††	15.6%	6.7%	1	40.2%‡	1	36.5%‡
Pioneer	2	31.1	18.6	0.5	3	16.9	10.7	5.8	4	22.5	3	21.8
United Energy Resources	3	28.5	24.4	0.3	2	19.1	16.0	3.8	2	33.7	2	28.3
Houston Natural Gas	4	25.0	24.8	0.3	4	15.4	16.6	8.3	5	22.5	4	19.1
Valero Energy	5	21.3	24.4	0.6	5	10.6	11.3	4.2	11	18.7		D–P
Arkla	6	20.3	21.6	0.4	6	10.5	11.4	7.4	6	22.4	6	11.5
InterNorth	7	18.3	15.1	0.5	7	10.5	9.2	5.0	8	20.2	7	10.9
Am Natural Resources	8	18.2	21.7	0.9	8	9.1	9.5	5.7	3	22.6	5	11.9
Northwest Energy	9	15.7	5.0	0.8	9	8.6	3.8	1.7	7	20.6	8	9.5
Columbia Gas System	10	13.9	13.5	0.8	11	7.8	7.7	3.7	10	19.3	9	6.9
Mountain Fuel Supply	11	13.0	15.4	0.7	10	8.4	9.3	7.8	9	20.0	10	4.7
Medians		20.3	21.6	0.5		10.5	10.7	5.7		22.4		11.7
Distributors												
Entex	1	25.5%	21.6%	0.7	1	13.3%	11.5%	4.2%	1	27.5%	1	20.6%
Oneok	2	19.6	19.9	0.7	2	11.4	12.6	5.0	2	23.7	2	11.2
Southern Union	3	18.0	9.1	0.5	3	10.3	6.8	2.2	5	21.9	7	9.1
Kansas-Neb Nat Gas	4	17.4	15.9	0.6	6	8.8	8.0	5.1	8	20.0	12	6.3
Diversified Energies	5	15.6	14.2	0.5	4	9.9	10.1	3.0	7	20.7	9	8.6
NICOR	6	15.2	10.7	0.6	8	8.2	5.9	4.3	9	19.8	11	7.6
Brooklyn Union Gas	7	14.9	16.7	0.7	5	8.8	10.1	5.2	14	18.2	3	10.3
Peoples Energy	8	14.7	15.0	0.8	13	7.3	7.6	3.0	11	18.5	13	5.3
Laclede Gas	9	13.7	14.6	0.7	11	7.7	8.5	3.2	16	17.1	5	9.0
Consol Natural Gas	10	13.7	14.6	0.5	7	8.3	9.0	5.1	13	18.3	5	10.0
Pacific Lighting	11	13.5	12.1	0.9	10	7.9	7.6	2.6	4	22.3	4	10.2
UGI	12	12.9	11.3	0.7	9	8.0	7.3	3.8	3	23.0	6	9.1
National Fuel Gas	13	12.0	13.3	0.7	12	7.6	8.3	3.4	17	16.6	10	7.8
WICOR	14	10.8	7.9	0.7		**	**	1.8	15	17.8	16	3.4
Gas Service	15	10.3	6.7	0.7	14	6.3	5.3	1.0	12	18.4	14	4.5
Atlanta Gas Light	16	10.2	6.0	0.8	15	6.2	5.0	1.1	6	21.9	17	2.9
Washington Gas Light	17	9.5	10.1	0.8	16	6.0	6.4	3.0	19	15.6	15	4.2
No Indiana Pub Svc	18	8.0	5.1	0.8	17	5.2	4.7	3.7	10	19.0	18	–8.2
Primark	19	5.0	5.5	0.9	18	3.7	3.8	1.0	18	16.4	19	–15.0
Medians		13.7	12.1	0.7		8.0	7.6	3.2		19.0		7.8
Industry medians		15.7	15.1	0.7		8.9	9.0	4.0		20.7		9.3
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
††Three-year average. ‡Four-year growth. D-P: deficit to profit; not ranked. **Not available; not ranked.

Free and happy

What would happen if the gas pipelines, traditionally regulated utilities, operated in a free market? Take $3.2 billion (sales) Houston Natural Gas, whose earnings per share have climbed at a 24% compound rate over the past decade and whose return on equity hasn't dipped below 20% for five years.

Three-fourths of HNG's business is running a pipeline entirely within Texas, and is thus subject to the benign, hands-off authority of the Texas Railroad Commission rather than Washington bureaucrats. HNG buys from more than a thousand well owners, often in competition with other pipelines crisscrossing Texas. It sells mostly to industrial users, often competing with other pipelines or other fuels. Customers representing nearly half HNG's 1.6-billion-cubic-foot-a-day load could easily switch to fuel oil if provoked.

Under the circumstances it makes sense for HNG to insulate itself from market fluctuations and make its living off the spread—an average 42-cents-per-mcf markup last year above its average $3.28 cost. "We've been operating in a free market for a long time," says James Walzel, president of the HNG pipeline subsidiary. He adds: "We haven't entered into a gas purchase in the last seven years without a market-out clause." That's a clause that lets HNG lower its price if market conditions dictate. (The well owner is allowed to reject the lower price and have HNG transport the gas to another buyer.) Only in the past two years, by contrast, have the troubled interstate pipelines had the foresight—they say, the bargaining power—to get market-out clauses.

Walzel says the interstates got caught in $8 and $9 contracts because of a preoccupation with extending their reserves, which average about nine years' consumption. HNG's reserve ratio is barely half that. "If you price yourself out of the market," he says wryly, "and your sales go down to zero, why, right before you go broke you have a wonderful reserve index.

"We have never curtailed a customer," Walzel boasts. Few of the big reserves interstate lines could say as much.—W.B.

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November 30, 1982

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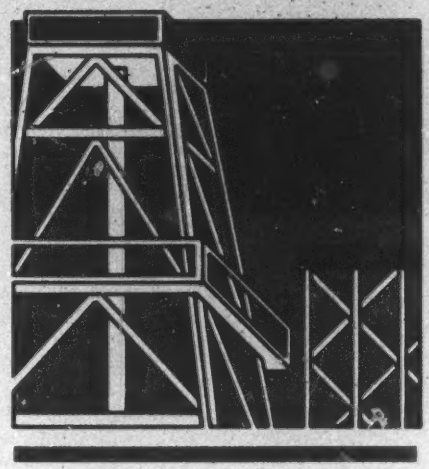
It's not enough to make an alarmist case yet, but there's plenty of evidence that the Japanese are casting a serious eye on the oil patch.



Oilfield drillers and services

By Toni Mack

ONE OF THE MOST unsettling aspects of the Reagan Administration's Russian pipeline embargo, says M. A. (Mike) Wright, chairman of Cameron Iron Works, was that "we started getting reports that the Japanese suddenly became very interested in selling oilfield equipment." Now that the embargo is lifted, says Wright, "I would think they would think again, because the market is bad." He pauses. "I guess I'm hoping so."

But you thought the U.S. still dominated in oilfield supplies? Maybe so, but the business is hardly dev d of Japanese suppliers today. Giant Mitsui and Mitsubishi make offshore drilling rigs, platforms and equipment. Tsukamoto Seiki sells drill bits ("Not very good ones," says an American) outside the U.S.; Oyo Instruments, a Houston company mostly Japanese-owned, makes geophones. Tubular goods such as pipe and casing are made by the likes of Nippon Kokan K.K. "There's now a decided brand preference by some buyers for Japanese tubulars," warns John Kurfess of Booz, Allen. "The scary thing is how fast the Japanese convinced the

Oilfield drillers and services

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
L B Foster	1	75.9%	6.3%	0.8	15	14.1%	7.9%	1.7%	18	12.5%‡‡	20	5.9%‡‡
Schlumberger	2	36.0	32.7	0.1	1	33.4	31.3	22.7	9	24.8	1	32.8
Geo International	3	32.2	12.3	0.3	2	24.8	10.6	4.3	7	27.4	6	25.1‡
Western Co No Amer	4	30.3	23.9	1.5	19	13.4	10.7	11.1	1	36.7	2	32.7
Parker Drilling	5	27.6	24.6	0.6	8	17.5	15.6	12.4	3	32.7	3	29.5
Baker International	6	25.8	25.9	0.3	3	18.9	20.9	9.8	6	31.9	4	28.3
Kaneb Services	7	24.8	28.2	0.9	16	14.0	14.6	13.1	2	35.6	16	14.0
Petrolane	8	24.8	23.9	0.4	6	17.9	17.4	5.3	12	20.8	13	18.7
Cameron Iron Works	9	23.3	25.3	0.5	10	16.2	17.3	12.2	14	18.2	7	22.8
SEDCO	10	22.8	63.9	0.6	17	13.8	34.2	46.3	19	11.2	10	19.5
Tidewater	11	21.9	21.6	0.5	14	14.4	13.0	14.5	11	22.8	18	12.9
Smith International	12	21.8	18.9	0.2	4	18.2	15.4	10.0	8	26.4	8	21.7
Halliburton	13	21.8	18.4	0.2	5	18.1	15.4	7.3	16	16.1	14	17.3
Hughes Tool	14	21.7	18.0	0.4	7	17.8	12.8	12.0	4	32.4	5	27.3
Reading & Bates	15	21.4	23.0	0.8	18	13.5	13.3	18.2	13	18.7	11	19.5
NL Industries	16	20.8	24.4	0.4	11	15.4	17.4	11.5	21	8.7	12	19.2
Rollins	17	20.3	17.7	0.2	9	17.1	14.7	8.1	17	13.8	19	12.4
Big Three Industries	18	19.6	18.0	0.3	12	14.9	12.8	12.4	10	23.9	9	21.0
Dresser Industries	19	17.9	13.2	0.2	13	14.6	11.7	5.6	15	16.4	17	13.5
Zapata	20	15.8	25.9	0.9	20	8.7	13.0	17.7	20	9.7	15	17.1
McDermott	21	10.3	13.0	0.2	21	7.3	8.5	4.0	5	32.4	21	–5.4
Industry medians		21.9	23.0	0.4		15.4	14.6	11.5		22.8		19.5
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
‡Four-year growth. ‡‡Three-year growth.

oil companies that they were superior [in oil pipe]."

In times like these, this is the last thing the U.S. industry needs. The number of oil and gas rigs working in the U.S., where the majority of the free world's wells are drilled, has been almost halved from a late-1981 peak of 4,530. On average, only about 2,600 rigs will be at work this year. Profit margins have collapsed, workers are laid off, brand-new capacity sits idle. And now the Japanese?

To be sure, the Japanese cannot become a major force overnight. So far, they have only a tiny fraction of a total market dominated by well-entrenched names like Cameron, Halliburton and Schlumberger. Take Japan Steel Works, for example. It supplies raw materials for "Christmas trees" and other oilfield products and has "a very strong interest" in making complete oil tools, according to Shinji Mima, JSW's vice president in Houston. But "everything is slow now," he says, and the company has no concrete plans yet. Even then, figures Mima, it will take maybe three years to get a product to market.

But as Peter Mailandt, a strategic planner for U.S. Steel's Oilwell division, points out, "The Japanese have the advantage of taking time. They don't have to pay attention to quarterly profits. If it takes 20 years to break the market, so be it."

That's, of course, how the Japanese broke into electronics—first licensing the technology to learn it, then improving it, and finally making technological breakthroughs themselves. "There's a lot of experience and knowhow involved" in oilfield equipment, says Mitsunori Aoyama, deputy general manager of Mitsubishi International. "Blow-out preventers, fishing tools, testing equipment, valves—these things we wouldn't try to do by ourselves at this point."

The Japanese will probably focus their marketing efforts not on the U.S. but on Russia, which has 38% of the world's gas reserves and over 9% of its oil, and China, the last great virgin territory. Neither has much motivation to buy American. In China, Japan has already proven its desire to help hunt for oil with a $400 million exploration commitment and a $260 million low-interest loan signed last September. It's a safe bet that where the Japanese national oil company goes, so go Japanese suppliers.

What's a poor oilfield supplier to do? Just what he does in any competitive market, like the one that exists today: "Cut costs and get into tech-

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nology," exhorts Prudential-Bache analyst James Horan. In fact, look for most U.S. manufacturers to be cutting everything *but* research and development. That's an amount that varies all over the lot. Halliburton spends less than 1% of sales on R&D, while Baker International, NL Industries and Hughes Tool spend less than 2% apiece. On the other hand, Schlumberger, which is often considered as much a high-tech outfit as an oilfield supplier, spends nearly 3%, while Teleco Oilfield Services *(see box, below)* and Gearhart Industries, which carved their niches right out of Schlumberger's flank, spend 14% and 4%, respectively. Over at Newport Beach, Calif.-based Smith International, Chief Executive Jerry Neely has increased R&D spending from 1.8%, when he took over in 1976, to around 2.4% today.

The last few years have spawned plenty of new technology. Measurement-while-drilling, known as MWD, is the hot research spot for virtually every major oilfield supplier. It used to be that when a driller wanted to measure whether his well was on course, he had to pull out two or three miles of pipe and bit and lower instruments by wireline. It took an hour to 16 hours, time paid for whether the rig drills or sits idle. An MWD device stays in the hole and takes its bearings in just a couple of minutes. Engineers are working to make MWD devices that transmit myriad data, from the condition of the bit to the character of the rock formation. The next step, now more imagined than researched, would be devices to telegraph commands down to bottom-hole tools. William Maurer, who directs oil-tools research at Maurer Engineering in Houston, believes that MWD devices in tandem with down-hole motors and new synthetic diamond bits could garner as much as 50% of all drilling within the next ten years.

Companies like Schlumberger and Galveston-Houston are bringing computer technology to the oil patch. G-H's new drilling console uses microprocessors to stop the traveling block (on which the drill pipe is hung) at preset points and to calculate ton-mile wear on the wireline. "Right now our instruments deal primarily with pneumatics," says William Love, vice president for drilling and equipment. "To extend further in the market, we'll have to get further into electronics."

In fact, it may be that kind of new and better technology, some borrowed from other fields, that will help stave off the Japanese or any other foreign threat. "The threat is not just Japan," warns U.S. Steel's Mailandt, "but also England, with its government financing, and Korea and Taiwan." Says one analyst with some wonderment: "I've even got a letter on my desk from a Chinese company making rock bits."

There was a day when those little transistor radios from Japan were thought cute, perhaps clever, but hardly ill omens for giant U.S. electronics companies. American oilfield suppliers can't afford to rest on their technological laurels. ■

The right tack

Ralph F. Spinnler knows how an upstart can steal a march on a market leader—even a superb company like Schlumberger (estimated 1982 sales, $6.5 billion), which so dominates its market that well logs are generically called "slumber jays." Spinnler's tiny Teleco Oilfield Services (estimated 1982 sales, $50 million) was able to market a measurement-while-drilling (MWD) system in 1978, two years before Schlumberger. Now, of all MWD systems in the field, some 85% are Spinnler's babies.

Spinnler, 43, had helped Raymond Industries devise rugged components for nuclear weapons before Raymond put him to work in 1969 on MWD technology, in what later became the spunoff Teleco. Six oil companies provided research funds. "Some of the oil people," says Spinnler, "told us frankly they wanted to see someone compete with Schlumberger." Other research funds came from the French national oil company, Société Nationale Elf Aquitaine. Raymond now owns 24% and Elf 34% of Meriden, Conn.-based Teleco, which went public in 1979. Teleco went into the black that year and earned around 80 cents a share in 1982.

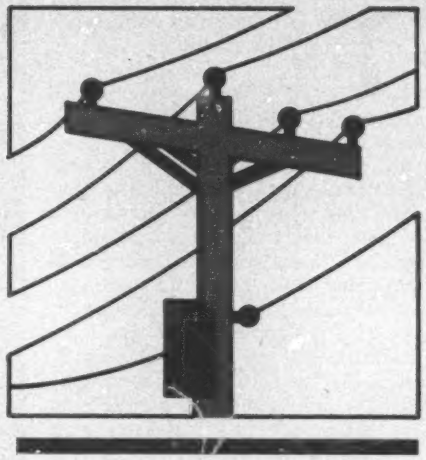
Spinnler figures that Teleco, with eight offices worldwide and another to open soon, serves 25% of the directional drilling market, MWD's major use so far. He will have to add more services to make the system worthwhile for other kinds of drilling; he plans to spend $8 million to $9 million on R&D this year, less than a tenth of what Schlumberger spends overall.

Nevertheless, investors who think Teleco will hold its own have kept the stock up recently at 17 times 1982 earnings. Are they in for a disappointment long term? Spinnler, who races sailboats in his spare time, is confident: "It's like sailing. Once you're out in front, you can stay in front if you work hard enough on it."—T.M.

Teleco owns some 85% of all measurement-while-drilling systems in the field

"Oil people wanted to see someone compete with Schlumberger."

Hollywood made The Great Escape *from A.W. Vogtle's World War II exploits. Today Vogtle is a utility CEO who hasn't lost his inclination for striking when the iron is hot.*



Electric utilities

By Subrata N. Chakravarty

SOME INDUSTRIES hit bottom and start back up at the unlikeliest times. Take electric utilities. Their long-term return on equity still isn't anything to get excited about, true. But in the most recent 12 months, utilities outperformed U.S. industry by a significant margin right in the middle of the recession.

What's ahead now? FORBES sat down with A.W. Vogtle, chairman of Atlanta-based Southern Co., the nation's largest investor-owned electric utility in terms of assets. Vogtle boasts a distinction few corporate executives can claim: The character played by Steve McQueen in the 1963 film *The Great Escape* was loosely based on Vogtle's exploits at Stalag Luft III in World War II. After 37 years, Vogtle still has an eye for opportunities ahead. And unlike some other utility CEOs, he sees plenty.

In the midst of the deepest recession since the Great Depression, the electric utilities have performed better than their historical averages. Why is that?

Vogtle: It undoubtedly reflects increased rate allowances by the public service commissions. If that's the case then, of course earnings for all of the utilities will be up. You may find some falloff in demand for electricity because of conservation, but at least we're getting perhaps a fair price for what we're selling.

How has Southern Co. fared with the public service commissions?

Vogtle: We're coming off a period of very poor treatment, in some instances what might be called zero rate allowances. But in our case, it's not so much commission activity that has helped recently as the courts. These commissions are subject to the courts, after all, and the courts have been more than cognizant that the

Electric utilities

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Northeast												
New England Electric	1	14.3%	16.2%	0.9	10	6.7%	6.9%	8.8%	15	10.8%	2	8.7%
United Illuminating	2	13.7	18.4	0.7	2	7.9	10.2	14.2	2	14.5	10	2.3
N Y State Elec & Gas	3	13.7	16.4	0.8	3	7.9	9.3	16.8	3	14.2	4	6.1
Long Island Lighting	4	13.2	14.0	0.7	1	8.5	9.4	17.6	1	15.0	12	1.8
Commonwealth Energy	5	12.8	11.0	0.7	12	6.4	5.2	3.7	14	11.0	6	5.1
Niagara Mohawk Power	6	12.7	15.7	0.8	4	7.5	8.9	11.5	6	13.6	7	5.0
Consolidated Edison	7	12.3	14.2	0.7	7	7.0	8.1	9.7	16	9.5	1	8.9
Penn Power & Light	8	12.3	13.4	0.9	8	6.9	6.9	21.7	13	11.9	13	1.3
Rochester Gas & Elec	9	12.3	14.9	0.8	5	7.4	8.8	11.2	8	13.5	5	6.0
Delmarva Power & Lt	10	11.9	13.7	0.9	6	7.1	7.6	11.4	5	13.7	9	2.7
Atlantic City Elec	11	11.5	9.9	0.8	9	6.8	6.2	8.3	4	14.0	14	0.7
Pub Svc Elec & Gas	12	11.3	11.8	0.7	11	6.4	6.6	8.2	10	13.1	8	3.2
Boston Edison	13	11.3	9 2	0.8	15	5.6	5.3	5.3	12	12.2	3	6.3
Phila Electric	14	11.0	13.2	1.0	13	6.3	7.0	12.3	11	13.1	11	1.9
Northeast Utilities	15	10.5	13.4	1.3	14	6.1	7.2	8.1	9	13.5	15	–0.2
General Public Utils	16	4.5	2.4	0.9	16	4.3	3.5	1.4	7	13.6	16	–14.7
Medians		**12.3**	**13.6**	**0.8**		**6.9**	**7.1**	**10.5**		**13.5**		**3.0**

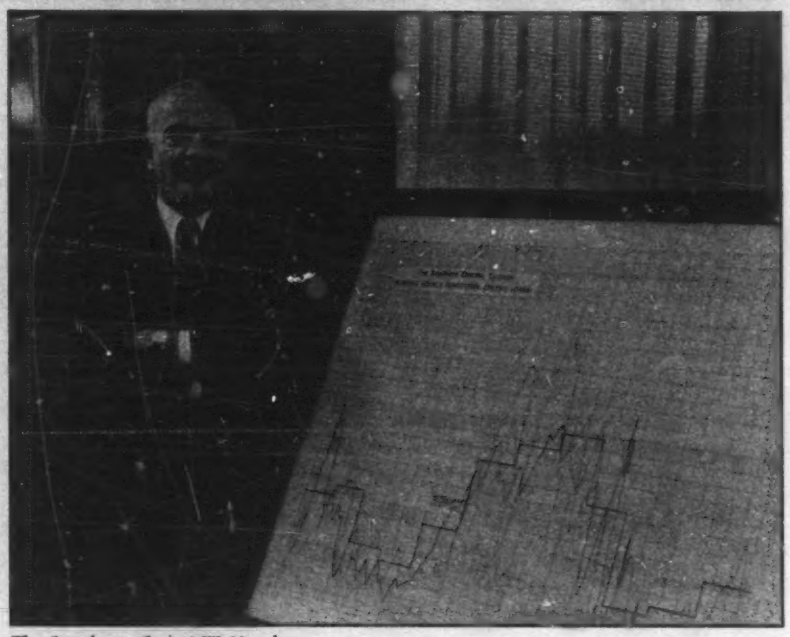
Note: Explanation of Yardsticks calculations on page 50.

commissions have failed miserably in doing what they should do.

It is generally believed that the electric utility industry is now a no-growth industry. Do you agree?

Vogtle: No. Let me put it in perspective. There are some industries that don't care what the peak demand is, because they simply can't afford to meet it. Take railroads. They will know that at a certain time of the year they should have available X number of cars if it's going to meet the load. But that peak is very high; it's so expensive to furnish all these cars that the railroads will say, "We'll do the best we can, but if we can't meet it, we can't meet it; that's all there is to it."

Well, suppose utilities adopted that reasoning and hit the peak season with 200,000 customers—or a million—totally out of power. You can imagine the public relations problems we'd have—let alone the problems we'd have under the conditions of our franchise. So we have always assumed



The Southern Co.'s A.W. Vogtle
"The commissions have failed miserably."

Electric utilities

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Midwest												
Public Service Indiana	1	15.2%	19.6%	0.8	1	7.5%	8.6%	29.0%	12	14.7%	5	6.0%
Wisconsin Pwr & Lt	2	14.1	18.1	0.7	5	7.3	8.6	10.1	8	15.1	2	7.0
No States Power	3	14.0	16.6	0.7	14	6.8	7.8	10.6	23	12.4	4	6.6
Wisconsin Public Svc	4	13.6	13.5	0.6	10	6.9	6.3	7.1	9	14.8	3	6.8
Kansas Power & Light	5	13.4	15.1	0.7	9	7.1	7.7	13.8	7	15.5	7	4.5
Indianapolis Pwr & Lt	6	13.2	12.8	0.8	10	6.9	6.8	13.9	18	13.5	9	3.7
Illinois Power	7	13.1	14.5	0.8	8	7.1	7.7	14.1	3	16.1	15	2.5
Wisconsin Elec Power	8	13.0	16.2	0.7	6	7.2	8.3	10.4	15	14.2	1	7.3
Union Electric	9	12.7	14.0	1.0	17	6.4	6.3	16.3	22	12.4	11	3.6
Allegheny Power	10	12.6	16.1	0.8	12	6.9	8.4	9.6	4	15.9	13	2.7
Cleveland Elec Illum	11	12.5	15.6	0.9	3	7.4	8.7	18.8	20	12.5	18	0.8
Central Ill Pub Svc	12	12.5	14.0	0.8	15	6.7	6.8	12.4	10	14.8	14	2.6
Cincinnati G & E	13	12.3	13.0	1.1	7	7.2	7.2	9.6	14	14.4	12	2.8
Central Illinois Lt	14	12.0	14.5	0.6	22	5.8	6.4	8.8	5	15.9	6	4.9
Dayton Power & Light	15	12.0	15.2	1.0	2	7.4	8.5	12.7	13	14.6	16	2.1
Kansas City Pwr & Lt	15	12.0	13.1	0.9	21	6.1	6.6	16.5	11	14.7	8	4.1
Toledo Edison	17	11.6	13.5	0.9	4	7.4	8.0	21.4	6	15.9	20	–1.5
Consumers Power	18	11.6	11.5	0.9	18	6.3	6.4	9.7	21	12.4	9	3.7
Commonwealth Edison	19	11.0	13.8	1.0	19	6.3	7.2	14.0	16	14.1	19	0.6
American Elec Power	20	11.0	10.5	1.1	12	6.9	6.5	8.3	2	17.3	21	–1.7
Ohio Edison	21	10.8	13.2	1.2	16	6.6	7.4	14.5	17	14.0	22	–2.5
Duquesne Light	22	10.3	11.6	1.0	20	6.2	6.4	14.6	19	12.8	23	–3.4
Detroit Edison	23	10.0	9.6	1.1	23	5.8	5.5	10.9	24	11.3	17	1.6
No Indiana Pub Svc	24	8.0	5.1	0.8	24	5.2	4.7	3.7	1	19.0	24	–8.2
Madison		12.4	13.9	0.9		6.9	7.2	12.6		14.7		2.8

Note: Explanation of Yardsticks calculations on page 50.

that we have to meet that peak, whatever it may be and whenever it occurs.

The way we're looking at it now, the peak is expected to grow at least 3% a year for the foreseeable future. If that is the case, and I believe it may be even too conservative, then the demand on our systems will double by the year 2005. We're going to have to have twice the plant, just to meet expected growth.

Isn't a growth rate of 3% rather optimistic, given the amount of conservation in electric usage in recent years?

Vogtle: No. It's not unreasonable. From 1973 to 1980, the economy grew 2.4%. That's not exactly robust. But

What will we do with all the capacity we're building? The answer to a maiden's prayer is that we've got a market—our neighboring states, where utilities are less fortunately situated. They were using oil and gas as a fuel, while our capacity is mostly coal-fired. It gives us a bank for our power until we have a need.

even in those horrible times electric usage grew 3%. So I think we're on sound ground when we make that assumption of 3% growth. You have to believe that at some point the economy is going to improve, and the whole future of our economy is tied to the production of electricity as the best use of the energy that we have today.

Southern Co. has a reserve margin—the difference between demand and installed capacity—of over 30%. You also have the highest debt ratio in the industry. Yet you're planning to spend over $5 billion in the next five years, half of it to be borrowed, to add 6 million kilowatts of capacity. Why?

Vogtle: Back before the oil embargo, we were ready to go with 23 million kilowatts of additional capacity. This was a real growth area then, we were going up 8% to 9% a year, sometimes even higher. Then all of a sudden here comes OPEC and there goes demand. We figured that out of that total 23 million kilowatts, we could cancel 8 million kilowatts without any big loss of investment. We decided to delay another 9 million. We're continuing with the rest of it, and the reason is that it was the cheapest way to go. If you just quit building and demand grows at 3%, it will nibble at your

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reserve until, sooner or later, you've got to start building more plant. If it's on a crash basis you might have to put in combustion turbines, an expensive way to go. But, whatever you do, it's probably going to cost a lot more than it would if you go ahead and finish it today. The capacity we're building will cost $1,000 per kilowatt. A unit that you start in service in the early 1990s will cost $2,500 per kilowatt.

All right then, what do we do with the power? The answer to a maiden's prayer, in a manner of speaking, is that we have a market. And the market is in our neighboring states, where utilities were less fortunately situated—meaning that they were using oil and gas as a fuel, while our capacity is mostly coal-fired. So we decided that we could sell this power to our neighbors, saving them hundreds of millions of barrels of oil and billions of cubic feet of gas, saving their customers millions of dollars in fuel costs, and still make money for ourselves. And that's exactly what happened. It meant a lot to our earned income. It also gives us a bank for the power. The contracts are structured so that in most cases after a period of years we can stop sending that power out and convert the deliveries to our own customers. By that time very likely we'll have a need. And all of this without having to build any new plant other than what we are already building.

In the meantime, however, most other utilities have improved their profitability because they cut back far more sharply on new construction. What is going to happen to them if demand continues to grow?

Vogtle: I would say they're going to suffer increased cost of construction if, as and when they start building new plants. Either that or just not serve the load. ■

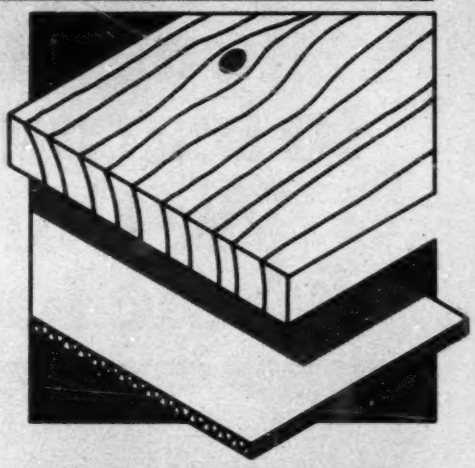
Electric utilities

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Southeast												
TECO Energy	1	14.3%	10.9%	0.8	7	6.7%	5.6%	6.9%	5	16.0%	2	7.6%
Duke Power	2	13.6	13.6	0.8	1	7.4	7.6	16.4	12	12.9	1	8.2
Florida Power & Lt	3	13.3	14.6	0.9	6	6.7	7.1	9.3	2	17.0	3	7.5
Middle South Utils	4	12.7	13.7	1.2	2	7.0	7.7	11.1	1	18.0	8	2.8
Carolina Pwr & Lt	5	12.4	13.0	0.8	5	6.8	6.9	15.0	9	14.5	6	3.7
Baltimore Gas & Elec	6	12.1	12.8	0.9	3	6.9	7.2	10.8	11	13.7	4	4.5
Potomac Elec Power	7	11.9	12.9	0.8	4	6.8	7.0	10.9	13	12.2	5	4.3
Florida Progress	8	11.9	10.5	0.9	10	6.1	5.6	6.1	3	16.3	7	3.4
So Carolina E & G	9	11.7	10.9	1.0	9	6.2	6.1	10.1	6	15.5	9	2.1
Southern Company	10	11.1	13.9	1.1	13	5.8	6.6	9.2	8	14.6	10	–0.2
Louisville Gas & Elec	11	10.4	10.6	0.8	12	5.9	5.7	8.2	4	16.3	12	–0.8
Va Electric & Power	12	9.9	10.7	1.1	8	6.3	6.5	11.7	7	15.3	11	–0.5
Kentucky Utilities	13	9.4	13.2	0.9	11	5.9	7.0	11.1	10	14.0	13	–2.4
Medians		11.9	12.9	0.9		6.7	6.9	10.8		15.3		3.4
Southwest												
Southwestern Pub Svc	1	17.6%	19.2%	0.9	3	7.8%	8.1%	13.0%	4	19.4%	4	4.7%
Central & South West	2	14.8	14.9	0.7	5	7.7	8.0	10.4	6	17.8	3	6.4
Texas Utilities	3	14.7	16.7	0.8	2	8.1	8.9	13.3	3	19.5	1	7.3
Houston Industries	4	14.1	15.5	0.8	4	7.7	8.0	7.5	1	29.2	2	6.8
Arizona Public Service	5	14.0	15.4	0.9	1	8.6	9.3	22.0	7	17.5	5	3.4
Gulf States Utils	6	12.5	11.8	1.1	6	6.8	7.3	11.9	2	19.6	6	3.0
Oklahoma Gas & Elec	7	11.8	16.2	0.8	7	6.3	8.0	11.9	5	18.6	7	0.4
Medians		14.1	15.5	0.8		7.7	8.0	11.9		19.4		4.7
West												
Southern Calif Edison	1	13.0%	15.4%	0.9	3	7.8%	8.9%	12.6%	9	15.9%	2	4.4%
Pacific Pwr & Lt	2	12.9	14.6	1.2	5	7.3	7.9	14.5	1	24.1	5	3.6
Montana Power	3	12.8	14.8	0.8	4	7.5	7.8	13.8	7	19.2	3	4.3
Pacific Gas & Elec	4	12.5	15.8	0.8	1	8.1	9.4	11.7	8	17.4	4	4.0
San Diego Gas & Elec	5	12.0	17.4	0.9	2	8.0	10.4	10.9	3	21.3	7	1.4
Hawaiian Electric	6	11.6	14.1	0.7	8	6.6	7.6	5.8	4	20.6	1	6.8
Portland Genl Elec	7	11.4	17.5	1.3	7	7.2	9.4	25.2	5	20.3	8	0.1
Utah Power & Light	8	11.4	11.8	0.9	6	7.2	7.1	16.0	2	22.5	6	1.8
Public Service Colo	9	10.7	13.0	0.9	9	6.3	7.1	7.4	6	20.0	9	–1.0
Medians		12.0	14.8	0.9		7.3	7.9	12.6		20.3		3.6
Industry medians		12.3	13.8	0.9		6.9	7.2	11.2		14.7		3.4
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.

Exporting used to be something everyone talked about but only a few forest companies did anything about. Now structural changes are forcing the world view.



Forest products

By Kathleen K. Wiegner

THE ERUPTION OF Mt. St. Helens over two years ago left Weyerhaeuser Co. with 68,000 acres of trees nature had harvested at the worst possible time—as the forest products industry entered its most severe depression since the 1930s. What to do with those massive volumes of wood when housing starts for the last two years have run at around 1 million, the lowest since 1946? Answer: Ship them to Japan.

In fact, Chairman George Weyerhaeuser has said that "in large measure it has been international trade that allowed us to keep running here." If the company had not been able to ship overseas about 45% of the specialty plywood, 43% of the bleached paperboard, nearly half of the newsprint and 30% of the logs from the Mt. St. Helens salvage, it might have been in very serious trouble indeed.

That's a dramatic example of a profound change in the fundamentals for West Coast producers of wood and paper like Weyerhaeuser, Crown Zellerbach, Potlatch and Louisiana-Pacific. Western mills, in fact, have been cut off from markets east of the Rocky Mountains. One measure of that is that even in 1978, a boom year for housing, the Pacific Northwest lumber and plywood industry operated below capacity.

Why? It costs as much to move a unit of lumber from Washington State to Phoenix as it does to ship it to Osaka, Japan because of rising rail rates. Moreover, because the Jones Act requires the use of higher-price U.S. shipping, British Columbia can send wood east cheaper than Washington can. That has aided the development of interior Canada's forest

Loading lumber at Weyerhaeuser's Longview, Wash. mill. Next stop: Osaka, Japan
Some 45% of Weyerhaeuser's tree harvest in the Northwest now goes to offshore markets.

products industry and the resurgence of the South as a major wood basket.

Add to that the recession—and questions about what kind of housing industry will emerge from it—and the big western forest companies have a lot to think about. In the past, they largely concerned themselves with supply—investing heavily in growing more and better trees and using more and more of the wood in finished products. Now the concern is with demand.

That demand, companies like Weyerhaeuser are convinced, increasingly lies overseas in wood-short countries like Korea, Japan, Taiwan and even China *(see box, p. 110)*. "We have the forests, the deep-water ports, the capacity to be a consistent low-cost, long-term supplier," argues Robert Myhr, manager of international projects for Weyerhaeuser, which last year exported over $900 million in newsprint, lumber, plywood, pulp, logs and wood chips. The company now has eight ships on long-term charter, two designed to send linerboard and newsprint to Asia, six to sail to Western Europe. In a joint venture with Japan's second-biggest papermaker, Jujo Paper, the Longview, Wash. mill now exports around 50% of its 400,000-metric-ton newsprint capacity to Japan. When Weyerhaeuser first started exporting, 20 years ago, it was sending mostly pulp and logs overseas, but today half of its shipments are finished products like newsprint and lumber.

For smaller companies, a forced strategy is often a way to crack the export business. Last year Potlatch Corp. exported $80 million to $90 million worth of bleached board, which is turned into milk or juice cartons. This year Potlatch expects that total to grow by 8% to 10%. In the U.S., demand for these cartons is mature, but in Japan, Australia, Mexico and, increasingly, Korea, the market is still growing, says James Collier, vice president of marketing for Potlatch's pulp, paperboard and packaging group. In Japan, for example, they are used not only for milk but soy sauce and even sake.

Another company, Great Northern Nekoosa, is building a $540 million pulp mill in Mississippi and plans to ship roughly 50% of production overseas. "Exports will be more and more important," says Robert Hellendale, Great Northern's president. "The Scandinavians won't be significantly expanding their pulp mills because their forests can't support more capacity." International Paper, which exported around $450 million in linerboard, bleached board and market pulp last year, has geared its Pineville, La. mill to exports. St. Regis and Union Camp are also pursuing exports.

"Europe has a limited wood supply for incremental growth," points out John Fery, chairman of Boise Cascade. "Raw material and capital availability will limit further expansion and modernization." Moreover, as the less-developed countries develop, they're not going to build $500 million pulp and paper mills. Why spend half a billion dollars even if you have the wood? And most don't. As their standard of living increases, growing wood needs will come out of this continent."

But the world is by no means just

Forest products

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
James River Corp Va	1	28.7%	21.6%	0.9	3	16.8%	13.1%	3.1%	1	56.9%	1	32.1%
Fort Howard Paper	2	24.2	22.9	0.2	1	18.9	18.2	17.2	2	16.0	3	17.3
Consolidated Papers	3	20.5	12.6	0.1	2	17.6	10.9	7.5	6	13.6	2	18.6
Kimberly-Clark	4	19.1	15.7	0.2	4	14.6	12.7	7.2	11	11.1	4	15.4
Union Camp	5	16.7	12.0	0.3	5	12.1	8.8	8.6	15	9.9	8	8.3
Mead	6	15.0	1.1	0.7	11	9.6	1.4	0.4	9	12.2	13	5.9
Federal Paper Board	7	14.4	16.2	1.6	19	7.9	6.7	4.7	24	5.8	14	4.9
Gt Northern Nekoosa	8	14.1	10.9	0.3	6	10.2	8.0	5.7	8	12.4	6	9.4
Westvaco	9	13.9	8.9	0.3	9	9.6	6.6	4.4	16	9.9	10	7.9
International Paper	10	13.9	4.5	0.2	7	9.8	3.9	4.2	20	7.8	11	6.8
Weyerhaeuser	11	13.2	4.6	0.5	9	9.6	4.3	3.7	14	10.0	18	2.3
Georgia-Pacific	12	12.7	5.5	0.7	18	8.1	3.5	2.2	7	13.0	17	2.4
Willamette Inds	13	12.4	def	0.7	8	9.7	1.3	def	5	13.8	21	1.1
Hammermill Paper	14	12.1	9.5	0.6	20	7.8	5.9	2.7	4	14.1	9	7.9
St Regis Paper	15	12.1	8.2	0.5	14	8.6	5.7	4.7	11	11.1	16	3.5
Scott Paper	16	11.8	9.0	0.4	13	8.9	7.1	5.1	13	11.1	5	10.9
Potlatch	17	11.5	3.5	0.5	16	8.2	3.1	3.4	19	8.5	19	1.8
Champion Intl	18	11.1	0.9	0.5	22	7.5	2.4	0.8	22	7.3	22	0.0
SCM	19	11.0	6.7	0.4	15	8.3	5.4	1.8	21	7.7	7	9.2
Louisiana-Pacific	20	10.7	def	0.2	23	7.3	def	def	3	15.6	19	1.8
Boise Cascade	21	10.4	0.1	0.6	17	8.2	2.0	0.1	10	11.4	12	6.0
Longview Fibre	22	9.4	1.2	0.7	12	9.1	1.8	0.6	18	8.7	24	–6.8
Crown Zellerbach	23	9.1	4.4	0.5	24	6.7	3.5	2.1	17	9.2	23	–3.3
Southwest Forest Inds	24	8.1	def	1.0	21	7.5	1.3	def	23	6.8	15	4.5
Industry medians		12.6	6.1	0.5		9.0	4.9	3.3		11.1		6.0
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
def: deficit.

there for the taking. American companies exported $8 billion worth of forest products in 1981, but they were far from the dominant suppliers. So far, the U.S. provides less than 20% of the forest products in world trade. Canada, Scandinavia and Brazil supply 80% of pulp imports; Canada, Eastern Europe and Scandinavia, 82% of lumber imports.

Some of the reasons for this lackluster performance are familiar: Japan and Europe impose both tariff and nontariff barriers, and some developing countries with forests favor local production over imports. But in large measure, U.S. forest companies, like many U.S. companies, have never made an allout effort. Because the U.S. market was so large, most companies looked to exports only when they had excess production or when the economy slowed. "Some companies used the export market as just another opportunity," says Weyerhaeuser's Myhr. "But if you're going to do it, you must commit for the long term."

That can mean capital investment. For example, Japan's high-speed presses and the use of color even on the front page of newspapers require a special grade of newsprint. Japanese construction uses wood cut to dimensions different from standard two-by-four lumber and four-by-eight plywood. Even plywood standards are different in Japan.

Japan is important because it is the major market for most companies. Weyerhaeuser alone sold over $500 million there in 1981. But the market potential is even more important. Japan is the world's second-largest consumer of plywood, for example, but of the $4.5 billion used in 1980 (the last good Japanese housing year), the U.S. supplied only $2.2 million. Historically, about a third of Japan's wood needs have come from Southeast Asia, but Indonesia and the Philippines are trying to constrain exports of their hardwood logs to promote domestic conversion. And Japan's paper industry is ailing, hit with high costs for energy and raw materials. That could mean opportunity for the U.S.' lower-cost producers.

The worldwide recession and the strength of the dollar mean that exports are a long-term solution but not a short-term fix. Exports have not prevented the dividend cuts and asset sales many forest companies have used to stay alive. Nor is there anything to prevent companies from losing interest again when the U.S. market picks up. But if they do, it might be a big mistake. Canada, Russia, Brazil, Chile and even New Zealand recognize the world market potential and are exploiting it. Like many another U.S. industry, forest products companies are coming to realize that exports are no longer mere icing on the cake, but part of the formula for survival. ■

The new China hands

You don't need to be a heavyweight to crack the export market. Take little, $200 million (sales) privately owned Menasha Corp. of Neenah, Wis. It primarily makes corrugated containers, but it also owns 96,000 acres of prime Douglas fir in Washington and Oregon, which it has been selling to other mill operators for 15 years.

With the current depression in the forest products industry, however, more and more sawmills shut down. Menasha decided it had to find other markets or those trees would sit there as scenery. "We pulled out of the domestic timber market altogether in 1981," says William Lansing, general manager of land and timber, "and probably would have last year. But we found a market window where we could enter."

The window opened on China. In 1982, 70% of Menasha's logs, 13 million board feet, went to the People's Republic—the first exports in Menasha's 133-year history.

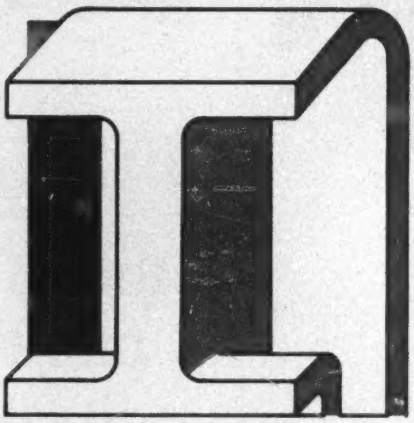
Because China has been buying logs from the West Coast for only about three years, there are still a lot of uncertainties. So rather than sell direct, Menasha turns its logs over to a broker who deals with the Chinese. "That means we pay a brokerage fee," says Lansing, "but the security is worth the price."

At present, Weyerhaeuser is the biggest exporter of logs to China. ITT's Rayonier division and Burlington Northern are also big China traders. Like Menasha, so many smaller companies have been jumping in that competition drove the price of logs down 30% during the last nine months. "Everyone is trying to stuff as much wood as they can into China's pocket," says Lansing ruefully.

The fact is, though, it has become a necessity for Menasha, which still cannot sell its logs locally at a reasonable price. And Lansing believes that Menasha is in a better position than many of its competitors because it owns trees but no mills. Owning a sawmill often means cutting trees just to keep the mill running even when pricing is bad. "We can watch the market and stay out when the price is no good," says Lansing. Menasha's founders, who started out over a century ago making wooden pails and washtubs, might be a little startled to find their successors supplying timber to China. But times change, and smart companies change with them.—K.K.W.

The South Light *takes on logs bound for China*
"We found a market window where we could enter."

Short term, the steel industry may come back. Long term, however, it is in the grip of history.



Steel

By Lisa Gross

WHEN A TOP BUSINESSMAN equates patriotism with supporting the steel industry, as U.S. Steel Chairman David Roderick did before a security analysts meeting late last year, you know things are bad. That they are.

These days, in fact, they are positively funereal in this great old industry. U.S. Steel, still the biggest domestic steelmaker, despite its Marathon Oil acquisition last year, had a loss of $126 per ton of steel shipped in the third quarter of 1982. Over all of 1982 the top seven integrated producers together lost an average of $95 a ton. That's operating loss, according to Oppenheimer & Co. Vice President John C. Tumazos. And things aren't going to improve any time soon. "Each major steelmaker should report losses in 1983 on steel operations, if you sift out the accounting gimmicks," says the respected analyst. By factoring out LIFO credit, for example, he estimates U.S. Steel's third-quarter 1982 loss at $191 per ton.

The reason: The industry was working at about 48.5% of capacity during 1982, while breakeven was about 70% of capacity or higher. And more downsizing is on the way. Even with new trade quotas in effect, the industry optimistically expects to ship only about 75 million tons in 1983, down 25% since the peak of the last cycle, in 1979. In all, foreign producers have captured about 22% of the U.S. market, and the new quotas won't help much because they cover the Common Market countries, which have only about 5% of the market; most of the foreign share belongs to Japan and Canada, which are outside the agreement.

In fact, the big integrated steelmakers are the high-cost producers in a dissolving market. Labor costs are 95% higher than the average for all other U.S. manufacturing. And that's just part of the problem. Big U.S. producers—that is, those manufacturing a full line of products from large, centrally located mills—are using

A Nucor minimill in Jewett, Tex.
Cheaper steel, thanks to lower labor, shipping and raw material costs.

plants an average of 50 years old and equipment averaging 18 years old, estimates Richard Deily, executive director of the Institute for Iron and Steel Studies. Only about 25% of U.S. production, compared with 80% in Japan, comes off continuous casters, which require less than half the energy of traditional methods, and require fewer man hours per ton to produce higher quality product. It's not a new story for the steel industry. Why haven't steel executives recognized the problem and adapted to the shrinking market? "Some of these companies don't wake up until their backs are to the wall," shrugs John Tumazos.

Philosophically, the answer is simple. Adapt to the shrinking market, cut back on capacity drastically by shutting ancient plants, cut costs to the bone. In other words, take your place in the new order (FORBES, *Nov. 22, 1982*). But that's not happening as often as the facts would indicate because closing a plant is expensive. When Colt Industries shut its Crucible Stainless & Alloy division facility in Midland, Penna. in October, it took a $232.4 million loss, including $134.1 million paid for employee retirement benefits, before selling the plant to LTV Corp. in November.

Most companies are closing marginal sections of mills or eliminating low-margin product lines—anything to keep from turning out the lights. Says Robert Crandall of the Brookings

It could be worse

For years, Inland was the steel industry's low-cost producer. It has only one mill, the Indiana Harbor Works, but that is a good one. Then, in 1980, net income dropped 77% and margins slid to 0.9%. What to do? "When we looked at our strategic plan, we found that there was no single large investment we could conceive of that would turn our margins around," says President Frank Luerssen simply.

But if fixed costs could not be cut, fat could be. Luerssen and Chairman Frederick Jaicks decided Inland must improve manufacturing margins via that route by 1% a year over the next ten years. In the 18 months since the program began, Inland has exceeded the goal: In 1982 the company saved $80 million; this year it expects to save another $160 million.

How did Inland do it? By streamlining and economizing everywhere, not just by freezing salaries or by other Band-Aid methods. The company installed a computerized fuel regulator for reheat furnaces at its 80-inch hot strip mill and saved $4 million annually. Installing a microprocessor and reorganizing drafting practices saved $1.6 million annually at another mill. A

Inland's Luerssen
He'll save $160 million this year.

cropping practice change at No. 3 coal strip mill will yield annual savings of $2.4 million.

It's very basic, but in an industry plagued by overcapacity and a 40% drop in demand, every little bit helps. "We'll be profitable at production levels of 5% to 10% less than formerly," claims Luerssen. "Had it not been for our margin improvement program, we would probably be $50 million into the banks." As it is, Inland has virtually no short-term debt and has added no long-term debt in the last year.--L.G.

Steel

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Worthington Inds	1	30.9%	16.3%	0.7	2	19.9%	11.2%	4.1%	1	26.5%	2	25.7%
Nucor	2	29.8	11.8	0.4	1	22.5	9.2	4.9	2	23.7	1	28.8
Northwest Industries	3	26.7	28.0	0.5	4	15.4	15.9	9.7	4	15.8	3	23.1
LTV	4	26.6††	4.4	0.9	7	11.9††	4.4	1.0	3	23.2‡		D–P
Earle M Jorgensen	5	17.7	11.8	0.2	5	15.3	10.5	5.8	12	9.9	5	12.4
Carpenter Technology	6	17.4	9.1	0.2	3	16.1	7.8	5.7	7	12.3	4	13.3
Athlone Industries	7	16.2	5.6	1.3	10	9.5	6.0	1.3	24	4.4	8	5.6
Copperweld	8	13.2	5.2	0.3	8	9.9	4.2	2.1	9	10.7	10	2.5
Central Steel & Wire	9	12.7	3.5	0.0	6	12.5	3.5	1.1	14	8.3	7	7.7
Crane	10	11.3	2.6	0.6	13	8.0	4.3	0.9	22	5.8	12	–3.2
Armco	11	10.4	def	0.3	12	8.3	def	def	5	12.9	9	3.8
Colt Industries	12	10.1	def	0.3	15	7.0	def	def	8	11.6	17	–6.3
Northwestern Steel	13	9.2	def	0.0	11	9.1	def	def	17	8.0	13	–3.7
Cyclops	14	8.8	def	0.3	14	7.2	1.3	def	11	9.9	6	10.1
Interlake	15	7.8	4.7	0.4	16	6.8	4.7	2.1	13	9.0	14	–4.2

Note: Explanation of Yardsticks calculations on page 50.
††Three-year average. ‡Four-year growth. D-P: deficit to profit; not ranked. def: deficit.

Institution, "The value of the entire industry's plant is 5% to 7% of reproduction costs. This is perilously low."

The answer: Stop pouring good money after bad. Big steel has cut capital expenditures drastically, with no certainty that the cuts will ever be restored. Bethlehem is moving ahead so far on only one of six projects—a continuous caster—in its $750 million modernization program. Armco reduced its capital expenditure budget from $750 million to $340 million last year, and will keep it below $250 million this year.

Another answer: Cut costs. Here, the industry is making progress. U.S. Steel will save $300 million this year on salary and administration improvements alone. Armco has reduced its break-even point from 72% of capacity to 65% at its largest plant, in Middletown, Ohio. And Inland Steel's cost-cuts have kept loss-per-ton lower than anyone else's in the integrated steel industry, according to analyst Tumazos *(see box, p. 113)*.

One bright spot is minimills—cost-savers that use energy-efficient electric-arc furnaces, continuous casters and straight-through rolling mills. Last year electric furnace producers supplied 30% of domestic steel shipments, and the most profitable steel company these days is $530 million (estimated 1983 sales) Nucor Corp., operator of four minimills.

Nucor's gross profit per ton will be about $74 this year. Nucor is non-union, and its labor costs run $65 per ton, vs. about $175 per ton at integrated producers like U.S. Steel or Republic. Nucor's lower labor costs result from high productivity, not low wages, because it is free of union featherbedding. The company requires fewer than 3 man-hours to produce one ton of steel, vs. 8 man-hours at the integrated makers. Raw material is scrap iron at about $60 per ton, vs. $150 per ton for molten iron. The minimills usually ship products within 300 miles to 400 miles, saving on transportation costs.

When will the steel industry recover? To answer that in the short term you have to know when the auto industry will recover; it buys 15% of steel's output. Or when the construction industry, which accounts for another 14%, will come back. When these two huge industries pick up, so will steel. Says U.S. Steel manager of economic research, Elizabeth Bossong: "Don't bet against us. We're sleeping right now. In fact, it's an awful lot like a nightmare. But we'll be back."

But even optimists like Bossong understand that the nightmare won't end until the U.S. industry gets its labor costs, if not down to earth, at least out of the stratosphere. ■

Workers at U.S. Steel plant in Homestead, Penna.
Union labor costs steel 95% more than average for U.S. manufacturing.

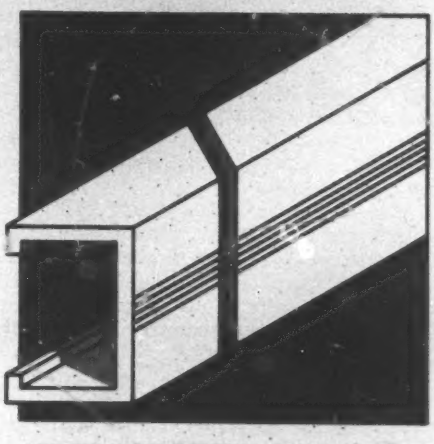
Steel

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
NVF	16	6.8%	def	1.9	9	9.5%	def	def	6	12.7%	20	–9.3%
Lukens	17	6.1	3.3%	0.2	17	5.2%	3.0%	1.2%	19	7.4	16	–5.4
United States Steel	18	5.7	1.5	0.3	18	5.0	2.7	0.6	10	10.0	19	–8.0
Inland Steel	19	4.9	def	0.5	20	4.2	def	def	16	8.1	21	–12.4
Bethlehem Steel		4.8	def	0.4	19	4.3	def	def	23	5.8	11	1.2
Republic Steel	21	4.6	def	0.3	22	3.7	def	def	14	8.3	18	–6.5
National-Standard	22	4.1	def	0.2	23	3.6	def	def	21	6.0	23	–16.5
National Steel	23	3.7	def	0.4	24	3.1	def	def	18	7.8	22	–13.5
Wheeling-Pitts Steel	24	3.7	def	0.7	21	3.8	def	def	25	3.9	15	–4.3
Kaiser Steel	25	def	1.8	1.0	25	def	3.5	0.7	20	6.3	24	P–D
Keystone Consolidated	26	def	def	0.7	26	def	def	def	26	3.9	24	P–D
Industry medians		9.0	1.7	0.4		7.6	2.9	0.7		8.7		–3.7
All-industry medians		15.9	12.7	0.4		11.8	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
P–D: profit to deficit. def: deficit.

Everybody is hurting equally now. But, as in George Orwell's Animal Farm, *some will soon be more equal than others.*



Nonferrous metals

By John R. Dorfman

NAME YOUR POISON. Metals like nickel are directly tied to the steel market; others, like copper and aluminum, to autos, housing or consumer spending in general. To ask which segment is better these days is almost like asking which of several stones would make a better life preserver.

But it won't always be so. Some of the patients will get out of intensive care sooner than others.

Take aluminum, likely to be the first to recover. Think about its markets: containers, appliances, autos and other transportation, and construction. Clearly, aluminum will be an early beneficiary of any surge in consumer spending. The aluminum industry lags the economy all right, but by perhaps three months, versus about six months for some of the other metals.

"Recover it will," says James Pasman Jr., executive vice president of Aluminum Co. of America, speaking both of his industry and the economy in general. "When? That's the hard part. We expect an economic upturn [in 1983] perhaps more modest than most post-World War II upturns."

Aluminum executives are incurable optimists—witness their recurring bouts with overcapacity. But outside observers agree with Pasman. Three out of four ingredients for a recovery in aluminum seem to be in place, says J. Clarence Morrison, an analyst with Dean Witter Reynolds Inc. "Order patterns have improved. So has the order mix. And inventories are down from their peaks." The one missing factor is a decent price. Some aluminum ingots have been going for as little as 45 cents a pound recently, down about 6 cents from a year ago, and well below list price.

The real story in aluminum isn't the short-range outlook, however. It's what Pasman calls a "worldwide rationalization" of capacity, which started in Japan some five years ago. Japan used to be capable of producing 1.6 million metric tons of aluminum per year. Now capacity is down to 0.7 million metric tons, only part of which is being used. From Scotland to Alabama, producers are closing plants that are either obsolete or saddled with high electricity costs (a major factor in aluminum production). "All this," says Pasman, "will help bring the supply/demand ratio to a more favorable point."

Measuring aluminum plate at Alcoa
First one out of intensive care?

Copper could be next to pick up. Hard to believe? It's not so farfetched, even though copper is less directly tied to consumer spending. Only about 33% of copper use is "consumer oriented," according to William Siedenburg, metals analyst with Smith Barney, Harris Upham & Co. The rest goes to the electronic and electrical industries, telecommunications, industrial machinery and utilities. An upturn in housing and autos would get copper started on the road to a price recovery, though. And the sooner, the better. "The average cost of producing copper in the better U.S. mines is around 90 cents a pound,"

says Asarco Chairman Ralph Hennebach. Recent selling price: around 70 cents. No wonder copper producers are bleeding (except Newmont Mining, which is staying afloat with oil, coal and gold).

But copper has often roared back from the doldrums dramatically. There are reasons to think that could happen again. As with aluminum, inventories in users' hands are low. Siedenburg points out that copper producers outside North America are already operating fairly close to capacity. So when demand picks up, much of the additional copper will have to come from the U.S. and Canada. Asarco's Hennebach thinks things may improve by the second quarter of this year, although he admits: "That's more intuition than anything else, maybe with a large measure of wishful thinking."

Two other major nonferrous metals are sensitive to consumer spending. One is lead, used chiefly in batteries, especially car batteries. So a pickup in autos could boost lead's price from its recent abysmal level of 23 cents a pound. (Lead sold for above 40 cents a pound during much of 1980 and 1981.) The other is zinc, whose fortunes are tied to both housing and autos and whose price recently was about 40 cents a pound, down from 47 cents a year before.

That leaves the area where real carnage has taken place: in the two major nonferrous metals, nickel and molybdenum, that are used primarily in the steel industry. Inco Ltd., the world's largest nickel producer, lost $74 million in the first half of 1982. Amax Inc., the world's largest producer of molybdenum, lost $48 million. Amax slashed its dividend from 60 cents to 5 cents a quarter—which also happens to be what Inco is paying, compared with the 40 cents it was paying back in 1975 and 1976. (Aluminum and copper producers have also resorted to dividend chops. Asarco, for example, entered 1982 paying 35 cents a quarter and left it paying 10 cents.)

What about the precious metals? Disinflation seems to have turned off the spotlight that shone on them for so long. "Gold and silver are factors unto themselves," says Morrison. "We're not particularly bullish on them. We expect an average gold price in 1983 of around $400 an ounce and an average silver price around $10 an ounce—both close to current levels." Silver is one of the few metals that have increased in price recently; it bounced back from a 1982 low of around $5. There is some constriction in supply right now: Much silver is produced as a by-product of zinc, lead or copper mining—none of which is booming. The fact is that $10, while better than $5, still isn't high enough to cover costs for many U.S. producers.

Remember when Sohio was snapping up Kennecott and Atlantic Richfield was gobbling up Anaconda not so long ago? These companies are now losing money for their new parents. "Some of those people now wish they didn't have those things," remarks Robert Hageman of Kidder, Peabody & Co. Remember, too, when Asarco was on everybody's list of next to go? Ralph Hennebach does, of course. "We haven't had any overtures recently," Hennebach says. "And we aren't expecting any. I'm hopeful that this Bendix/Martin Marietta affair has cooled people's passion somewhat. And with disinflation, perhaps we are not as attractive a target as we once were."

Asarco, of course, wants to retain its independence, but does Hennebach like things better this way? Well, no. "Actually," he says, "I'd love to have that problem again." It's nice to have your virtue tempted. ■

Nonferrous metals

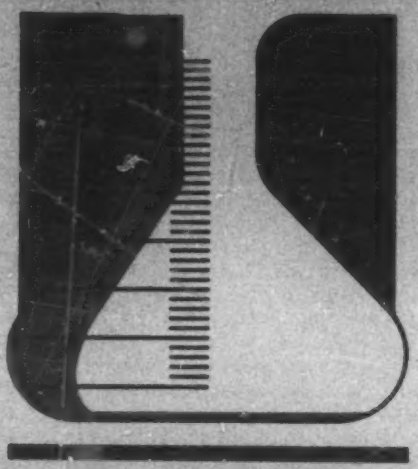
Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Cabot	1	22.6%	14.4%	0.4	2	15.0%	10.6%	5.5%	2	24.6%	1	34.4%
Engelhard	2	20.0	17.5	0.1	1	17.9	16.2	3.3	1	27.0‡	4	16.4‡
Handy & Harman	3	19.8	9.1	0.5	3	13.5	7.3	2.2	11	10.8	6	11.9
Alcan Aluminium	4	18.2	4.2	0.5	4	12.1	3.4	2.3	5	13.4	2	26.0
Commercial Metals	5	15.0	9.3	0.2	5	11.8	7.8	0.9	3	17.2	9	8.0
Newmont Mining	6	14.5	3.1	0.1	7	12.1	2.4	5.5	12	8.8	7	10.0
Alcoa	7	14.5	1.8	0.4	6	10.2	2.3	1.2	7	11.8	3	18.2
Kaiser Alum & Chem	8	13.9	def	0.5	11	8.4	0.7	def	6	11.7	5	13.6
AMAX	9	11.2	def	0.5	9	9.4	def	def	4	16.7	11	5.5
ASARCO	10	9.9	def	0.3	10	8.6	def	def	14	6.6	8	9.8
Reynolds Metals	11	9.9	def	0.6	13	6.1	0.0	def	9	11.3	10	6.0
Hanna Mining	12	8.1	def	0.2	12	7.3	def	def	17	0.3	12	–4.5
NVF	13	6.8	def	1.9	8	9.5	def	def	6	12.7	14	–9.3
Revere Copper	14	5.3	def	0.9	15	3.7	def	def	13	8.2		D–P
Phelps Dodge	15	4.5	def	0.5	14	3.9	def	def	15	6.0	13	–8.8
Gulf Resources & Chem	16	def	def	2.0	16	2.1	2.2	def	10	11.0	15	P–D
Inco	17	def	def	0.6	17	0.4	def	def	16	5.0	15	P–D
Industry medians		11.2	def	0.5		9.4	0.7	def		11.1		4.9
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
‡Four-year growth. P-D: profit to deficit. D-P: deficit to profit; not ranked. def: deficit.

The uses of adversity: Now that commodity chemical producers have made wholesale cutbacks, their operating leverage in any upturn could be tremendous.

Chemicals



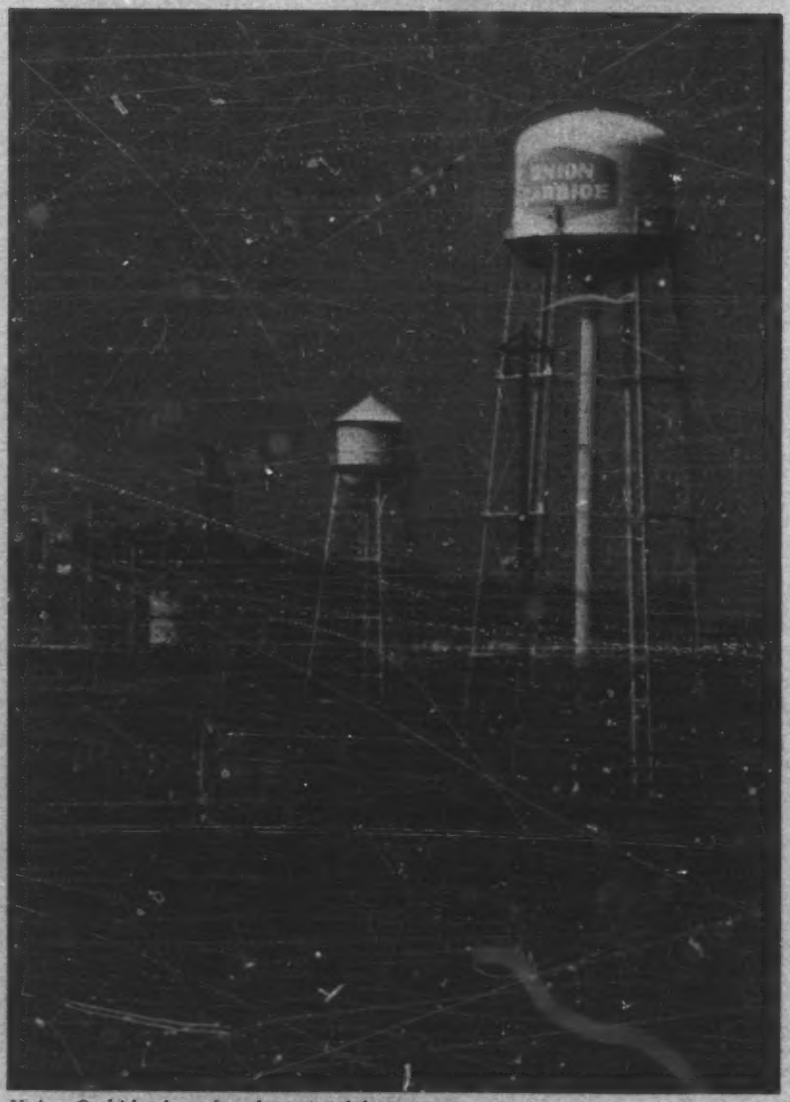
By Thomas Jaffe and Peter Kadzis

WE'VE JUST GONE THROUGH the worst year I can remember since I've been in this business," says Paul Oreffice, chief executive officer of $11.9 billion (sales) Dow Chemical. Dow is not alone. Excluding Du Pont (because its acquisition of Conoco would skew the figures), the total net income of the big seven in U.S. commodity chemicals fell from an average $2.15 billion between 1979 and 1981 to less than $1.4 billion last year.

At the same time, the chemical companies were saddled with massive expansion undertaken back in the mid-Seventies, when it appeared the good times would never end. "Since 1973 the volume growth of most basic chemicals and plastics has averaged only 1% to 2% a year," says Oreffice. "Everybody was planning on 6% to 10%. So we built. We thought inflation would pull us through. Now, of course, that has been shown to be dead wrong. The result is that we're stuck with weak markets and too much capacity."

The shock has prompted a massive scaling back. Debt-heavy Dow, for example, sold off more than $500 million of assets in 1982, and killed a proposed $1 billion joint venture for a polyethylene complex in Saudi Arabia. Since 1978 Union Carbide has dumped more than $1 billion worth of businesses, including European chemicals and plastics.

The big seven also pulled in their horns on capital spending, which averaged about $5 billion a year from 1979 to 1981. Back then they had planned to increase that to $5.7 billion in 1982. But by the time last year ended, it came to only $4.7 billion, and



Union Carbide plant shut down in Alabama
More than $1 billion in assets cut back since 1978.

this will be dropping again in 1983.

The motive was survival, pure and simple. But this massive downscaling of expectations also means that chemical companies could benefit from tremendous operating leverage in an upturn. Says CEO Alexander Giacco of $2.7 billion (sales) Hercules Inc., who has pruned $350 million, mostly in assets of petrochemical-based products since the late Seventies: "The way we're now set up, we could operate at 55% of capacity and still be at breakeven, compared with 65% five years ago. This time around, it means with each ten points of capacity we add back to our operating rate, we'll tack on an extra $2.20 a share onto our pretax income. That's half of what we earned in all of 1974."

No wonder some security analysts are looking for spectacular gains in 1983. According to Willian Young of Dean Witter Reynolds, every 1% increase in unit volume could equal a 10% increase in profits, and he predicts as much as an 8% rise in volume. Young assumes that further drops in interest rates will free up the automobile and housing markets. Inventory liquidation by chemical companies also will come to an end, he feels. "Now, if prices go up 3% on top of that kind of incremental volume," says Young, "you'll see earnings increase 40% or better."

Moreover—despite a strong dollar—the U.S. should be highly competitive internationally in 1983. For the time being, both production and energy costs are substantially lower than in Europe and Japan. With its pared-down plant, the U.S. industry's production costs are 5% to 10% lower. And natural gas liquids supply the U.S. with 60% of its raw materials for commodity chemicals. Gas is now 30% to 40% cheaper than the crude oil on which the Europeans and Japanese solely depend. The remaining 40% of U.S. feedstocks is also cheaper; it comes from the crude oil fractions that go into gasoline, especially unleaded gasoline. Since U.S. gasoline consumption has been soft, the price of these derivatives has been flat. The Europeans and the Japanese, who depend just as much on these fractions, have had no such luck. Gasoline in those areas is always expensive because their refineries—unlike those in the U.S.—are geared to producing the maximum amount of home heating oil.

"Since 1973 the volume growth of most basic chemicals and plastics has averaged only 1% to 2% a year. Everybody was planning on 6% to 10%. So we built. We thought inflation would pull us through. Now, of course, that has been shown to be dead wrong."

Impressive prospects, indeed. But not so spectacular that the chemical companies can yield to any new overblown expectations. Consider:

- The strong dollar may not hurt exports all that much this year, but it makes the U.S. market vulnerable in some specialized areas. For example, finished fabrics from the Far East cut into the amount of synthetic fibers Du Pont and Celanese can sell. For Rohm & Haas, the villain is acrylic sheet from Taiwan.
- Belatedly, overseas producers are cutting back large chunks of uneconomic capacity, too. As this happens, they will become increasingly competitive in their home markets. In fact, a Data Resources study for Exxon predicts that, just as U.S. petrochemical exports grew 26% a year from 1975 to 1980, they will decline 15% a

Chemicals

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Diversified												
Morton Thiokol	1	19.3%	33.4%	0.2	1	14.8%	27.1%	16.9%	15	8.9%	1	27.5%
Dow Chemical	2	16.5	7.9	0.7	5	10.3	5.7	3.6	4	14.9	12	3.5
W R Grace	3	16.4	16.8	0.6	4	11.4	10.9	5.5	11	10.4	6	9.0
Stauffer Chemical	4	16.4	13.4	0.3	3	11.5	9.6	8.7	8	10.6	8	7.6
E I du Pont	5	15.7	9.8	0.6	2	12.7	6.7	3.1	2	19.7	3	11.7
Diamond Shamrock	6	15.2	12.6	0.5	7	9.8	8.0	5.0	1	19.7	17	-1.4
FMC	7	13.4	12.3	0.3	8	9.9	9.2	4.4	14	9.5	4	9.3
Rohm & Haas	8	13.2	10.6	0.3	6	10.2	8.3	4.3	9	10.6	2	16.3
Hercules	9	13.1	7.5	0.4	7	10.0	5.5	3.2	12	10.3	5	9.0
Union Carbide	10	13.0	7.9	0.3	12	9.2	6.0	4.6	10	10.4	10	4.1
American Cyanamid	11	12.3	9.2	0.3	11	9.5	7.6	4.0	6	11.3	13	3.5
Celanese	12	12.1	4.4	0.6	13	8.3	3.8	1.7	13	10.3	7	8.9
Allied Corp	13	12.0	11.6	0.3	16	8.2	8.4	4.4	3	17.1	9	4.8
National Distillers	14	11.7	8.9	0.2	10	9.6	7.5	5.2	18	7.2	14	3.0
Monsanto	15	11.3	10.6	0.3	15	8.2	7.9	5.6	7	10.8	16	-0.2
Pennwalt	16	11.1	7.9	0.4	13	8.3	5.4	3.1	16	9.7	11	3.7
Olin	17	9.2	8.9	0.4	17	7.1	5.9	3.8	17	7.3	14	3.0
Reichhold Chemicals	18	5.6	0.3	0.3	18	5.3	2.3	0.4	5	12.0	18	-10.5
Medians		13.1	9.5	0.3		9.7	7.6	4.4		10.5		4.5

Note: Explanation of Yardsticks calculations on page 50.

year through 1985.

• Also, the disparity in price of feedstocks between the U.S. and Europe will narrow as the free market works its will. When the U.S. industry mapped out its ambitious expansion plans back in the Seventies, both U.S. crude oil and natural gas prices were controlled. Now crude is totally decontrolled and the step-by-step decontrol of natural gas brings monthly price increases.

• There's still plenty of U.S. capacity left to cut as well. Consider low-density polyethylene, from which trash bags are made. Cities Service and Arco recently have gotten out of the business; the U.S. industry is running at a healthy 80% of capacity. Yet it's selling at giveaway prices and nobody is making any money. That's because there was overexpansion in its feedstock, ethylene—an industry currently running at less than 60% of capacity. High-cost ethylene producers are moving as much as they can into the market at a minimal profit—or even a loss—in order to justify the $500 million investments they made to build world-scale plants. "Some of these ethylene suppliers are just putting off an inevitable decision to shut down," says Alec Flamm, president of $10.1 billion (sales) Union Carbide. "Meanwhile, the entire market must suffer. In this business, you either have to be dominant or low cost—or nothing at all."

Another major market hurt by overexpansion is chlorine, from which comes polyvinyl chloride—used in everything from records to auto seat covers. Diamond Shamrock, Dow and PPG Industries all operate modern plants that can produce 1,000 to 1,200 tons a day. But the older 100- to 300-ton facilities of paper companies like Georgia-Pacific and Weyerhaeuser just aren't competitive. Chemical analyst Harry Flavin of Merrill Lynch says the industry's 12 million tons of annual capacity—over 30% of which is idle—should be cut by at least 10%. Dow already has closed old plants. Admits Paul Oreffice: "We've been praised for belt-tightening, but we're the number one guy in that business, too. So if there is still a problem, then we must be part of it, right?" In short, there may be even more plant shutdowns to come.

"Some of these ethylene suppliers are just putting off an inevitable decision to shut down. Meanwhile, the entire market must suffer. In this business, you either have to be dominant or low cost—or nothing at all."

All in all, says Flavin of Merrill Lynch, "There still is too much excess capacity. The U.S. industry will be lucky if demand for its products gets back to 1979 levels by 1985."

The plain fact is, the industry will yet have to pay for its reliance on steadily increasing prices during the Seventies. Says Union Carbide's Flamm: "It used to be that inflation fixed a lot of mistakes. If something wasn't good one year, higher prices would correct it the next."

Clearly, some very good times may be ahead for commodity chemical producers. How long that prosperity lasts will depend on how well they keep their enthusiasm in reasonable check this time around. ■

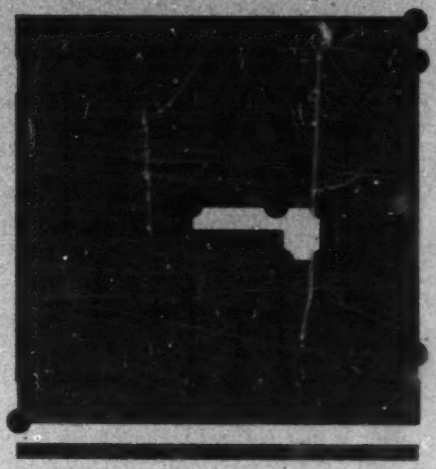
Chemicals

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Specialized												
Freeport-McMoran	1	24.6%	15.4%	0.4	3	17.3%	8.6%	14.5%	4	18.1%	4	20.3%
Nalco Chemical	2	24.3	20.8	0.0	1	23.6	20.3	10.7	11	12.8	9	12.9
Lubrizol	3	24.3	12.6	0.0	2	22.5	11.3	7.1	7	14.2	10	12.8
Cabot	4	22.6	14.4	0.4	6	15.0	10.6	5.5	1	24.6	1	34.4
Vulcan Materials	5	21.6	15.8	0.2	5	15.5	12.1	8.6	12	12.6	7	15.6
Sun Chemical	6	19.9	7.2	1.0	9	12.8	6.2	2.0	9	13.1	2	28.6
National Svc Inds	7	19.9	18.8	0.0	4	17.3	16.5	5.7	14	10.3	5	15.8
Big Three Industries	8	19.6	18.0	0.3	7	14.9	12.8	12.4	2	23.9	3	21.0
Dexter	9	18.4	15.0	0.3	8	13.6	10.8	4.6	3	21.7	8	14.2
Air Prods & Chems	10	18.1	13.6	0.4	13	10.6	8.3	6.7	6	14.8	6	15.6
Intl Minerals & Chem	11	16.8	12.5	0.4	12	11.5	8.8	8.4	17	9.0	16	4.9
Witco Chemical	12	16.7	11.3	0.4	11	11.6	8.0	2.5	5	15.7	11	11.3
Ethyl	13	15.3	12.5	0.2	15	10.5	9.4	5.5	15	9.8	14	5.9
PPG Industries	14	14.0	9.3	0.3	14	10.5	7.3	4.7	16	9.6	12	11.0
Ferro	15	13.3	6.0	0.2	10	11.8	6.0	2.2	10	12.9	15	5.5
Liquid Air	16	13.0	10.7	0.4	16	10.0	8.5	6.6	13	11.6	17	3.1
SCM	17	11.0	6.7	0.4	17	8.3	5.4	1.8	18	7.7	13	9.2
Williams Cos	18	9.0	3.4	0.5	18	6.0	3.2	2.0	8	18.5	18	-4.8
GAF	19	def	def	1.6	19	def	0.9	def	19	-2.3	19	P-D
Medians		18.1	12.5	0.4		11.8	8.6	5.5		12.9		12.8
Industry medians		15.2	10.7	0.3		10.5	8.0	4.6		11.3		9.8
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
P-D: profit to deficit. def: deficit.

The conventional wisdom is that as computers go, so goes electronics. But it's no longer true, and for an intriguing reason.



Electronics

By Stephen Kindel

IT USED TO BE that the growth of the semiconductor industry was tied almost inextricably to the growth of the computer industry. Last year proved, as never before, that nothing is the way it was. Computers continued to grow by better than 20%. Semiconductor sales? According to the Semiconductor Industry Association, its members and European manufacturers shipped about $9 billion worth of chips and devices, up only a percentage point or two from 1981. (Over 80% of that was from the U.S.)

The Japanese, even with their dominance of the big 64K random access memory market, are not exactly healthy. While Japan's semiconductor sales rose to about $4 billion, much of that was internal.

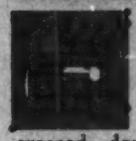
How did the semiconductor industry fall so far out of step with its

Electronics

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales	Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
EG&G	1	29.4%	27.8%	0.1	1	25.2%	25.2%	4.9%	8	22.7%	2	26.8%
AMP	2	26.0	19.0	0.1	3	22.4	16.8	10.0	11	17.3	9	20.4
Raytheon	3	24.4	21.3	0.0	2	23.0	20.7	5.8	12	16.1	7	22.1
Intel	4	20.9	5.2	0.3	4	20.2	4.4	3.1	2	33.4	11	18.9
General Instrument	5	20.6	20.5	0.1	7	17.3	18.3	10.1	17	13.2	1	35.6
Harris Corp	6	19.8	18.5	0.3	14	14.5	8.0	3.8	9	20.1	5	25.0
Hewlett-Packard	7	19.8	19.5	0.0	6	19.1	18.7	9.0	4	24.6	6	22.8
M/A-Com	8	19.2	11.8	0.5	5	19.4	9.2	5.2	1	43.2	4	26.0
TRW	9	19.1	14.0	0.2	16	12.5	9.2	3.7	20	12.1	17	10.8
Natl Semiconductor	10	18.9	def	0.3	13	14.6	def	def	3	28.6	13	16.0
Tektronix	11	18.7	12.1	0.2	10	16.3	10.3	6.0	6	23.2	8	20.7
Avnet	12	18.5	14.4	0.0	8	17.1	14.0	6.0	16	13.8	15	11.9
Perkin-Elmer	13	18.4	11.6	0.2	9	16.4	10.5	5.4	7	23.0	9	20.4
Texas Instruments	14	16.5	11.0	0.2	10	16.3	10.3	3.2	10	18.2	16	11.2
Oak Industries	15	15.8	11.1	0.5	12	15.2	11.5	5.0	5	23.9	3	26.6
Motorola	16	15.6	11.0	0.3	15	13.7	10.4	4.3	13	15.0	14	13.2
Honeywell	17	15.3	14.0	0.3	17	12.0	10.6	5.2	19	12.3	12	18.2
GTE	18	14.3	15.1	1.0	23	7.4	7.8	6.6	22	10.7	21	6.0
North Amer Philips	19	13.8	9.6	0.4	20	9.6	6.6	2.1	15	14.8	18	10.2
American Tel & Tel	20	13.1	12.9	0.7	22	7.6	7.3	11.6	21	11.8	19	7.7
Gould	21	12.6	9.6	0.4	19	9.7	8.3	4.4	14	14.9	24	1.0
Corning Glass Works	22	11.9	3.0	0.2	18	10.4	3.1	2.1	24	7.8	20	7.2
Intl Tel & Tel	23	11.2	10.4	0.5	21	9.0	8.1	3.8	23	8.1	23	4.2
Varian Associates	24	7.1	12.3	0.5	24	6.6	10.4	3.8	18	13.1	22	5.4
Industry medians		18.5	12.0	0.3		14.9	10.3	5.0		15.6		17.1
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
def: deficit.



customers in computers? Easy. They did too good a job. As the density of transistors packed onto each chip has increased—doubling approximately every two years—and as the chips have become more reliable, computer designers have learned to make their machines with far fewer of them. "A design for a circuit in an 8-bit-based personal computer, which might add as many as 60 to 70 chips," explains Bernard Murphy, head of Bell Labs' Microprocessor Design department, "can be more efficiently done with less than a half-dozen chips in a 16-bit-based machine."

Add to that declining demand-per-machine the fact that the computer market has come to be dominated by personal computers, which have more limited capacities and thus fewer chips than larger computers, and you have part of the reason for a year of flat sales. But there's more. "How you manage chip yield—the number of working chips that you get from each silicon wafer—is the determining factor in whether you can remain competitive," says L.W. (Bert) Stammerjohn, recently retired head of Bell Labs' Integrated Memory Subsystems department.

Chip yield has always been a big problem with U.S. companies. But nobody is free of it. "The Japanese emphasis on quality control has allowed them to stay ahead in 64K RAMs," says Esther Dyson, vice president of Rosen Research Inc., a New York market research firm. "Even so, the Japanese are losing total market share, because even they can't supply enough chips of a sufficient quality to meet every demand."

That inability to insure absolute quality has forced at least a few Japanese manufacturers to adopt the technique that American manufacturers have used to play catch-up in 64K: redundancy. "There is enough room on the chip so that, with the right kind of design, rows and columns of redundant circuits can be incorporated, to be activated if other parts of the chip are faulty," says Stammerjohn. "A delivered chip with redundant circuits activated performs as well as a perfect chip without redundant circuits."

Thus, the Japanese disdain for redundancy is eroding, especially since, according to Dyson, 1983 will mark the introduction of even larger RAMs—a whopping 256K of memory on a single chip. Among Japanese chipmakers, only Nippon Electric is claiming to be able to offer RAMs of such density without any redundant circuits. Fujitsu, Mitsubishi and Toshiba, like Motorola, will go with high-redundancy designs, following IBM and Western Electric, which have been making 256K chips for internal use since last year.

If chip densities increase, will unit sales continue to decline? If last year's logic held, the answer would be an emphatic yes. But the prospect is that, at least for a year or two following the introduction of 256K RAMs, the semiconductor industry can look forward to palmy days again. That's because such superchips will help the computer industry spawn a new generation of products. Donald Pate, vice president of marketing at Atasi Corp., a Silicon Valley manufacturer of Winchester technology disk drives, explains: "It is axiomatic in the computer industry that every increase in memory capacity has rapidly been outstripped by demand for even more memory. Three years ago, if you had predicted that portable, personal computers would be sold with 10 megabytes of disc memory, you would have been laughed off the face of the earth. Yet such products are being shown and shipped. Offer a 256K chip and watch how fast people find ways to use it. There's absolutely no doubt in my mind that 1983 will turn out to be a good year for the electronics business. All the signs point to it."

For an industry whose glittering image has shown a little tarnish lately, those are welcome words.

Good things, small packages

Las Vegas has not been having the best of years. Hotel occupancy rates are the lowest in years. Play at the Strip's glittering casinos has been desultory. It all shows up in the city's 12% unemployment rate. So when 55,000 of the most successful computer and electronics hardware manufacturers and software publishers came to town last month for the "largest computer show in the world," the Computer Dealers' Exposition (COMDEX), it should have been a Roman holiday for Vegas.

It wasn't. While a driving rainstorm did little to dampen the enthusiasm of the fair's participants, the unsteady state of the economy was uppermost in everyone's mind. As a result, the number of genuinely new products introduced was low, and the number of me-too products and enhanced versions of existing products was very high. "You aren't going to see companies commit to leading the way when one wrong step can put you out of business," says Digital Research President Gary Kildall. Nevertheless, there were some companies that bear watching, if only for being willing to leap into the unknown. They are:

• Non-Linear Systems, Inc. The inventor of the digital voltmeter, Non-Linear's Kaypro 10 was the fair's most outstanding product. A portable computer, the Kaypro 10 contains a built-in 10 megabyte Winchester drive. In layman's terms, that means memory enough to make virtually every small business and sales organization completely portable. It should be an entrepreneur's delight.

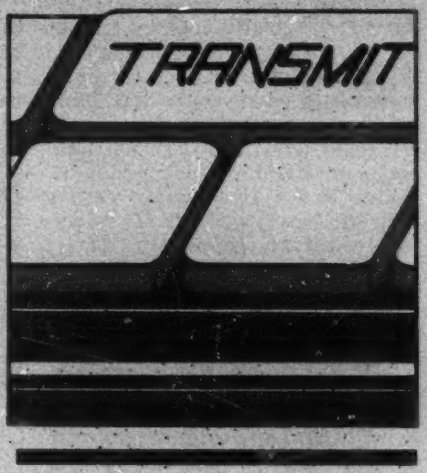
• Enter Computer, Inc. It has a "digital plotter" that can add picture-drawing capability to your personal computer for less than $800. Enter's Sweet-P plotter cranks out lines at a steady six inches a second, and will take just about any available commercial pen. For the businessman who wants to turn his spread sheet analysis into stunning bar graphs and pie charts, this is just the ticket.

• Canon Inc. While the Japanese have made few inroads as yet into the U.S. personal computer market, their printers are the dominant force. Canon's new A-1210 color printer shows why. It is a drop-on-demand ink jet printer that can print in seven colors at up to 2,600 dots per second, for clear charts and graphics. About the size of a standard reference book, the A-1210 is a peripheral so good that it will become an industry leader and a personal computer must.

• Novation. This Tarzana, Calif. company has introduced a modem—the device used to link computers together by telephone line—that is one-fifth the size of any other available modem. Called the J-Cat, it sticks onto the side of a telephone and performs every function of a full-size modem, including automatic answering and calling. And the best thing of all is its price, $179.—S.K.

Here comes Hewlett-Packard's 32-bit personal computer. Here comes IBM. And—look out—here comes Ma Bell.

Computers



By Stephen Kindel

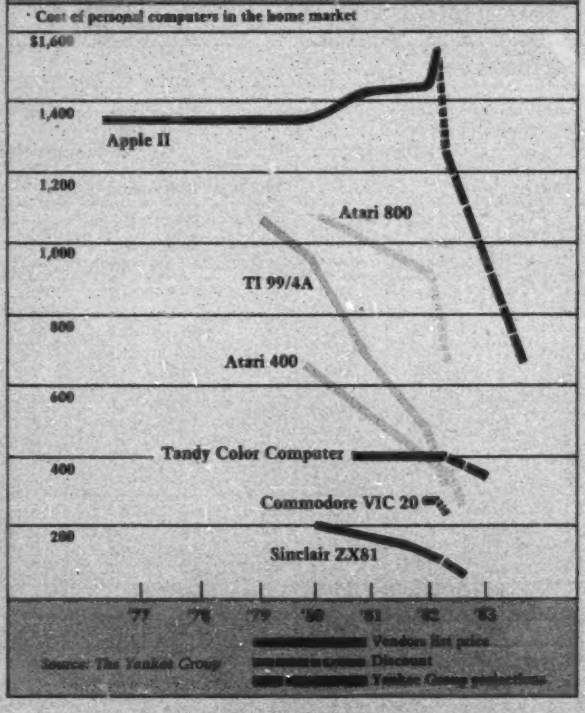
"WE ARE NOW AT the stage," says Bernard Murphy, a specialist in microprocessor development at Bell Labs, "where microprocessors will rapidly start to close the performance gap separating them from mainframe computers. By the end of the decade, you will see chips that can process more than a million instructions per second per dollar of processor cost."

If you stop to think that the instruction-to-cost ratio is now 10-to-1, Murphy's statement is slightly staggering. It means that the shrinkage which has already occurred in computers—the packing of ever more transistors on ever-smaller bits of silicon—has barely begun. The computer has just started to become a commodity. As it does so, there will be some shifts in the industry away from its traditional entrepreneurial style toward large volume production and marketing.

So far, the most visible evidence of those shifts comes from the low end of the market, particularly Commodore's emergence as a high-volume manufacturer of quality computers that sell for under $300. But the underlying pressures come from the top of the line. The top of the line in computers used as engineering work stations for scientific applications now is Hewlett-Packard's Model 9000 desk-top superminicomputer. The 9000 uses an H-P-developed 32-bit microprocessor, itself a revolutionary product, and a 32-bit data and address path—the "bus" over which information travels. (A bit is the minimum unit of information processed by a computer.) H-P's machine, which uses Bell Labs' Unix operating system, can at any one time address 4 trillion items in its memory directly; a 16-bit microprocessor, by comparison, can address only 64,000 items at any given time. This extreme runup in processing power means that really complex scientific and engineering tasks, such as computer-aided design (CAD) and circuit design can now be done on an individual basis. Each engineer can have his own; he no longer has to wait for access to his company's mainframe.

Computer prices go into free fall

As efficiencies of scale increase and more powerful 16-bit microcomputer models are introduced, prices of the most popular personal computers will fall.



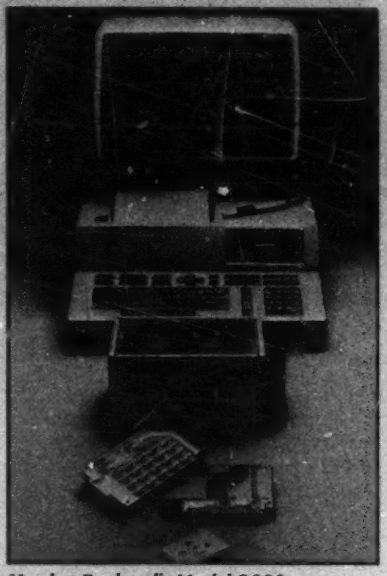
The immediate impact of H-P's 9000 will be felt in the minicomputer market, which is already hard pressed by the growing popularity and versatility of personal computers. With a base price of $28,250 for a complete work station, the H-P 9000 is well within the reach of would-be engineering entrepreneurs, who, for the price of a second mortgage on their homes, can invent and design on a level as sophisticated as the dominant company in any market. This will lead, in turn, to a speed-up in the rate of technological development and new product introductions in fields as diverse as consumer electronics and pharmaceuticals. It will also mean hefty profits for H-P: The engineering work station market today accounts for only about $50 million of the total minicomputer market, but it is increasing every year, and is expected to account for 5% to 10% of the $20 billion worth of minicomputers expected to be sold by 1986.

Most of us will, of course,

never need such a powerful computer for our own use. Still, the existence of 32-bit machines poses some real problems for the personal computer makers. Right now, most personal computers are based on 8-bit microprocessors. Newer generations, starting with the introduction of IBM's personal computer, use 16-bit microprocessors. Each newcomer into this market is thus forced to choose: Does it make a machine more compatible with the huge installed base of 8-bit micros, or with the latest generation? Says Gary Kildall, president of Digital Research, Inc., producers of the widely used CP/M operating system, "Often, the choice is not on the basis of the best technology, but on how you think you'll fare against your competitor's choices. It suppresses creativity and forces a lot of me-too products onto the market."

The dilemma can only get tougher. "IBM made the personal computer respectable," says Egil Juliussen, chairman of Future Computing, Inc., a Richardson, Tex. market research firm, "and that respectability has quickly become market leadership. Now, everyone wants to be IBM-compatible." As anyone in the mainframe business can tell the would-be microcomputer entrepreneur, trying to chase IBM is no way to grow a company over the long term.

Worse, another behemoth is about to weigh in. As of Jan. 1, AT&T will be able to market computer products. It is already shipping its own Unix-based 32-bit desk-top machine, similar to H-P's 9000, internally, and is a serious threat to line up the federal government as its first major customer. "We're already walking in some of their tracks," says David Abramson of Instrumentation Laboratory Inc., which has recently begun shipping a 16-bit computer that uses Bell Labs' Unix operating system—the computer program that allows all of the various parts of the computer to function in harmony. "Bell has a lot more marketing savvy than anyone realizes."



Hewlett-Packard's Model 9000
The shape of things to come.

A company like Bell tramping through an industry can give pause to many a small company. Take $15 million (sales) Digital Research, Inc. Its business is heavily dependent on licenses generated by its CP/M operating system. "There are many people who think that the advent of Bell's Unix will be the death of CP/M," says Gary Kildall. They're wrong, he says: "The fastest-growing single segment of the computer business is in the under-$500 market. Commodore is shipping at the rate of over 100,000 machines a month. Every one of those machines uses our operating system." Such a large installed base also means that most programs, particularly games and entertainments for personal computers, will be written to operate on CP/M-based systems.

But despite his confidence, Kildall is hedging his bets. Digital Research has driven its dependence on CP/M down from 80% of sales in 1981 to 30% last year. "It's really deadly to your reputation to be thought of as a one-product company," says Kildall. Especially when Ma Bell is lurking just around the corner. The squeeze, it seems, is on. ■

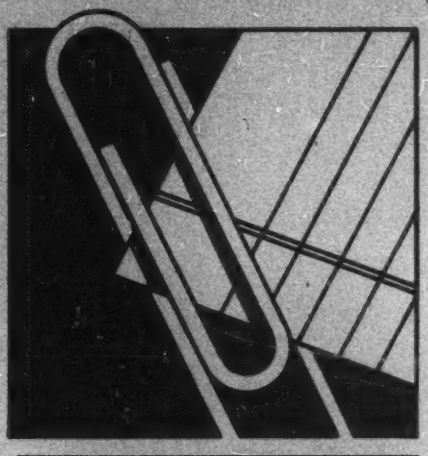
Computers

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Apple Computer	1	118.6%†	33.0%	0.0	1	130.9%†	33.3%	10.5%	1	154.3%‡‡	1	127.2%‡‡
Wang Laboratories	2	32.4	21.4	0.6	4	20.9	15.3	9.3	2	49.8	2	50.5
Storage Technology	3	29.3	17.8	0.5	5	20.1	13.0	8.1	3	45.7	3	37.6
IBM	4	22.4	20.8	0.2	2	20.9	18.4	11.8	11	12.6	11	10.0
Hewlett-Packard	5	19.8	19.5	0.0	6	19.1	18.7	9.0	7	24.6	7	22.8
Datapoint	6	19.6	0.7	0.3	3	20.9	2.3	0.5	4	42.6	4	27.7
NCR	7	18.0	12.4	0.2	9	14.8	11.2	6.6	14	8.0	8	20.4
Data General	8	17.8	5.0	0.3	8	15.2	5.0	2.5	5	36.1	9	18.5
Digital Equipment	9	17.5	13.0	0.0	7	15.9	12.7	9.7	6	33.5	5	27.1
Honeywell	10	15.2	14.0	0.3	11	12.9	10.6	5.2	12	12.3	10	18.2
Amdahl	11	13.7	3.3	0.1	10	14.2	3.6	2.3	8	20.7‡	14	–17.7‡
Sperry	12	12.6	6.7	0.3	12	9.8	5.9	3.0	13	9.9	12	7.9
Control Data	13	10.5	9.4	0.3	13	9.0	8.6	3.5	9	14.2	6	23.6
Burroughs	14	9.9	7.5	0.4	14	8.9	6.1	4.1	10	12.8	13	2.2
Industry medians		17.9	12.7	0.3		15.6	10.9	5.9		22.7		21.4
All-industry medians		16.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
†Four-year average. ‡Four-year growth. ‡‡Three-year growth.

The office of the future means two things: challenge and response. The trick is to be a challenger, rather than a responder.



Office equipment and services

By Jay Gissen

RECESSION? Unless a company is going out of business, they're not going to stop accounting and they're not going to stop payroll," says Josh Weston, president of Automatic Data Processing. Processing payrolls and other bookkeeping chores, on IBM and DEC equipment, are ADP's main business. Weston was explaining why his $669 million (sales) company weathered the recession better than the rest.

Recessions come and go, but coping with the "office of the future" may be something else. What is ADP going to do when its small-business customers start to do their accounting and payroll on their own $3,000 personal computer? Weston professes to be unworried. "Buying a proven hunk of hardware doesn't buy anything for a small or medium-size company because it's just a very reliable enabling act," he argues. "ADP's service requires no capital investment, no risk. We think a lot of companies would rather get that proven turnkey service."

Maybe so, but almost 10% of the nation's 4 million small and medium offices already have computers. The business has yet to hit its stride. Take a look at the table below. You won't find high-tech companies like Apple, Wang, Amdahl and Digital Equipment there. They're on page 124, listed under the computer industry, where most of the dominating forces in this

Office equipment and services

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Office equipment												
Comdisco	1	40.2%	43.9%	1.2	2	22.3%	22.2%	6.2%	2	36.7%	1	51.3%
Savin	2	25.5	def	1.5	1	25.6	def	def	1	38.9	2	38.1
Pitney Bowes	3	19.2	15.5	0.3	5	13.6	10.6	5.4	3	19.2	3	24.9
Moore Corp	4	18.0	14.5	0.1	4	15.0	12.8	5.4	6	11.6	5	8.8
Xerox	5	17.3	12.9	0.2	3	15.0	11.2	5.7	4	13.8	4	9.6
Nashua	6	12.6	def	0.3	6	10.4	def	def	5	13.7	6	8.8
Bell & Howell	7	4.6	8.4	0.3	7	4.5	7.4	2.2	7	7.8	7	–3.1
A.M. International	8	def	def	NE	8	def	def	def	8	5.3	8	P–D
Medians		**17.7**	**10.7**	**0.3**		**14.3**	**9.0**	**3.8**		**13.8**		**9.2**
Office services												
Computer Sciences	1	28.7%	16.8%	0.5	5	16.5%	12.8%	3.1%	5	20.6%	2	22.3%
Kelly Services	2	27.8	16.9	0.0	1	27.8	17.0	3.0	4	23.1	1	24.0
Electronic Data Systems	3	25.0	28.3	0.2	2	22.1	23.3	9.5	2	23.6	5	13.9
Auto Data Processing	4	21.1	17.3	0.2	4	17.7	13.9	8.5	1	24.6	3	19.5
Parker Pen	5	20.1	0.9	0.1	3	19.0	1.9	0.2	3	23.3	4	15.4
Pansalone	6	19.1	23.5	0.6	6	14.3	16.4	3.7	6	13.3	6	11.2
Medians		**23.1**	**17.1**	**0.2**		**18.4**	**15.2**	**3.4**		**23.2**		**17.5**
Industry medians		**19.7**	**15.0**	**0.3**		**15.8**	**12.0**	**3.4**		**19.9**		**14.7**
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
P-D: profit to deficit. def: deficit. NE: negative equity.

industry now reside. Instead, you will see old-line office products companies like Pitney Bowes, AM International and Moore. But the fact is, whether some of the old-timers will survive to appear in the FORBES tables ten years hence may well depend on how they are positioning themselves now for the vast new world, expected to be a $20 billion market by 1985, that the Apples, Wangs and IBMs are creating.

Some 150 companies of all sizes are scrambling for a piece of this market, in copiers, electronic typewriters, facsimile devices, networking, telecommunications equipment and word processors. Just a 2% share of the word processing market alone, for example, would mean almost $100 million in revenues in 1985.

Many among the old-line office supply companies, like AM International, Pitney Bowes and Xerox, have been around since before the electric typewriter was invented. Standpatters such as AM, which seem to have let the computerized office pass them by, will have a tough time securing new markets through modernization and diversification.

Take Pitney Bowes, czar of America's mailrooms. Until now, the mailroom seemed insulated from the technological revolutions taking place upstairs. Postage meter equipment sales still grow at a steady 14% annually at Pitney, which has 94% of the market. But new networking systems *(see box)* mean that insulation won't last long. In fact, says Morgan, Stanley analyst Ulric Weil, "Networking may gradually do away with Pitney Bowes equipment." To get ready, Pitney has made two key acquisitions in recent years, both outside the mailroom: Dictaphone in 1979 and Artec International, a California word processor manufacturer, in 1980. Says Pitney CEO Fred Allen, "This is the start."

Though it may seem dangerous for Allen to steer his company into word processors—it's not like his regular line of business and competition is intense—Pitney has little choice. It also has a great advantage: one of the best small-company customer bases in the nation. "The asset we have is a million customers that buy our mailing equipment," says Allen. "We intend to exploit that." As the price of word processors drops further, a lot of growth will come from smaller companies that previously could not afford them. That means that Pitney, whose processors have special features enticing to the small businessman, could see significant sales in 1984 and 1985, just when its meter business may begin to flatten out.

Like ADP, Electronic Data Systems is a company whose traditional business is threatened as computers get cheap enough for any business to afford. So far, one of EDS' specialties—processing medical insurance claims—has been unassailable, says President Mort Meyerson: "The office of the future has had zero impact on us. We have a 90% renewal rate."

Says Morgan, Stanley's Weil, "Each computer services firm finds a niche based on its unique systems sophistication, applications expertise or historical business relationship." Thus, Computer Sciences obtains most of its $630 million revenues from federal and state contracts, ADP from basic accounting. Each offers expertise that, so far at least, most in-house computers could not provide. Which of these companies will do best? Says Weil: "EDS has a very strong position in medical claims processing, a nasty area. The personal computer isn't going to make many inroads there, except as a terminal."

The biggest guessing game among the old-line companies, however, is giant Xerox. With a top-notch sales and service base and technologically rich subsidiaries, Xerox seemed best positioned to make a successful transition into office automation. Yet Xerox hesitated as its copier business floundered. Now it is on the move again (FORBES, *Oct. 25, 1982*). "Like a snake, it will have to shed its skin," says analyst Melody Johnson of Kidder, Peabody. As with Pitney, Xerox has been basically a one-product company. But it is a giant (annual sales, $8.7 billion), so its transition from being a copier manufacturer to a supplier of information processing services will not be easy. High R&D spending—$575 million last year, a 30% increase since 1980—could penalize earnings, as well as new divisions' profitability. Once the transformation is complete—most observers think it will take 12 to 18 months—Xerox will emerge as a leader in word processors and electronic typewriters, as well as copiers.

Each of the other companies in this variegated industry tells a different story of transition. Kelly Services has the problem of training its temporary work force on word processors and electronic typewriters—each with different instructions. Nashua is stuck with aging copier lines and little diversity. Moore, which makes business forms, must find new forms for computer use—perhaps, someday, a substitute for paper itself.

Challenge and response. The trick is to try to be among the challengers a few years hence, and not among those scrambling to respond. ■

Waiting for IBM

Products from a half dozen or more companies could wind up in the office of the future. A computer made by Wang, Burroughs or Datapoint, word processors by CPT, Pitney Bowes or NBI, electronic typewriters from IBM or Olivetti, copiers from Xerox or 3M and facsimile devices, perhaps, made by Pitney Bowes. How do you tie them all together so they can "talk" to each other?

With "local-area networking," a system of cables, keyboards and specially written programs to keep the office from becoming an electronic Tower of Babel.

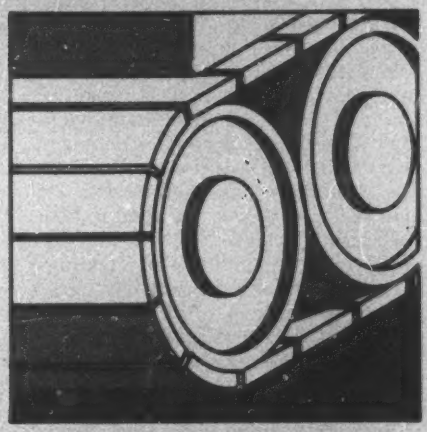
At least 50 networking systems are already on the market. Once these shake down into some standardization, "the prospects for local-area networking are extremely high," says Kidder, Peabody computer analyst William Easterbrook.

Xerox tried to achieve early dominance with the introduction of Ethernet in May 1980, a joint venture with Digital Equipment and Intel. But Ethernet has so far met with only moderate success and, if anything, prompted more companies to come up with networking systems of their own. Among the contenders are Wang, Datapoint, Prime Computer, CPT and a horde of smaller firms.

What may finally settle all arguments, as usual, will be IBM's entry into local-area networking, expected some time later this year. "That will set the standard," says Easterbrook. "It's ironic. You might think that it would be a negative for many companies. But it will set the tone and everybody will know what to aim for." Assuming IBM does get in sometime soon, local-area networking hardware and software could be a $10 billion business by mid-decade, with IBM and Xerox battling for the lion's share.—J.G.

Even with a recovery, some industries may never be the same again. Take railcars.

Construction, mining, rail equipment



By Barbara Rudolph

YOU'VE HEARD IT in industry after industry: "Things haven't been this bad since the Great Depression." Often it's an exaggeration. But not in the $3 billion rail equipment industry. Deliveries of new freight cars last year should hit 18,000, the lowest level since the mid-1930s. Industry backlog is at its lowest point in over 20 years. Traffic has been steadily declining for 3 years, down some 25% since 1980, and profits have collapsed along with it.

Railcars have always been cyclical, of course, and this time the swing came with a vengeance. The peak of the last cycle was 1979, when deliveries hit a record 90,000. That was clearly a fluke, partly caused by the fact that boxcars as tax shelters were then the rage. Trouble was, railcar manufacturers acted as if it were not a fluke. They grossly overexpanded their capacity from some 70,000 in 1977 to 100,000 by the end of 1980. "It was like shooting 59 in a golf game. You forget that par is 72," says James Goff, president of GATX' railcar group. Says Amsted President Robert Wellington: "That's why this isn't a normal recession, why we're all in the trenches."

Now railcar makers know they won't see such demand again—ever. This year is almost universally written off—deliveries should be a tiny 15,000. By 1984 and 1985, volume

Construction, mining, rail equipment

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Heavy equipment												
Hyster	1	17.2%	3.2%	0.2	1	14.4%	3.3%	2.3%	3	10.4%	1	17.7%
Caterpillar Tractor	2	16.1	3.4	0.3	3	12.7	3.3	1.6	2	11.8	3	6.3
Joy Manufacturing	3	15.4	17.0	0.1	2	13.2	14.5	7.7	1	12.2	2	11.5
Bucyrus-Erie	4	13.2	6.6	0.4	4	10.8	5.2	3.8	6	8.7	4	5.8
Amer Hoist & Derrick	5	10.0	def	0.5	5	7.8	1.5	def	7	8.4	5	–2.2
Clark Equipment	6	4.7	def	0.2	6	4.2	def	def	8	2.2	6	–18.1
Harnischfeger	7	4.1	def	0.5	7	4.0	def	def	4	10.1	7	–20.4
Pettibone	8	def	def	1.3	8	3.8	def	def	5	9.5	8	P–D
Medians		**11.6**	**1.5**	**0.4**		**9.3**	**2.4**	**0.8**		**9.8**		**1.8**
Rail equipment												
Amsted Industries	1	17.6%	4.7%	0.0	1	17.2%	4.5%	2.9%	3	10.5%	1	13.0%
ACF Industries	2	13.3	12.2	0.7	3	7.5	6.7	5.4	4	10.2	4	7.4
GATX	3	12.8	6.8	1.3	4	5.7	4.0	3.3	5	8.7	2	11.8
Ampco-Pittsburgh	4	11.9	def	1.2	2	11.8	2.7	def	2	23.4	3	9.2
Tiger International	5	4.6	def	3.2	5	5.0	1.1	def	1	26.3	5	–14.3
Medians		**12.8**	**4.7**	**1.2**		**7.5**	**4.0**	**2.9**		**10.5**		**9.2**
Industry medians		**12.8**	**3.2**	**0.5**		**7.8**	**3.3**	**1.6**		**10.2**		**6.3**
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
P-D: profit to deficit. def: deficit.

will gradually increase to the 30,000-to-40,000 range—with a strong economy, say, 50,000.

Why is this downsizing permanent? First, there were the big mergers of the past few years that formed Norfolk Southern, CSX, and soon, Pacific Rail Systems. Take the coal-car market, for example. Both Southern Railway and Seaboard Coast Lines had been buying their own coal cars; now they use Norfolk's and Chessie's. Railroads are also operating with increased efficiency. That's partly because a slackening in traffic means cars move more efficiently. But it is also a reflection of more sophisticated computerized systems and permanent cost controls. Finally, rails have been using more piggyback trains—truck trailers that are placed on flatcars.

But although demand in a good year is now 50,000 at best, the industry still maintains capacity of 85,000. No question, a shakeout is beginning. In fact, says Kidder, Peabody's Graeme Lidgerwood, "It surprises me that we haven't seen more of it already." Pullman got out of the market in April 1982—though President Jack Kruizenga still insists they might return—but no other major producer has yet given up. There have, of course, been numerous, indefinite plant closings. GATX' Goff offers a plausible explanation: Everyone knows a shakeout is coming, "but they're saying, 'Please God, not me.' "

Railcar companies must scramble to position themselves for a future of even more piggybacking. There are already some 20 different designs for flatcars the piggyback trailer rests on. "The manufacturers feel that if they come up with the perfect piggyback car they'll have a perfect niche. But with everyone trying to build a better mousetrap, they won't all prosper," says Lidgerwood.

Who will? Over the long run, low-cost producers like the railcar divisions of Amsted and Trinity Industries will. Trinity has proved its ability to maintain good margins even at the bottom of the cycle; in 1981, for example, when operating capacity was only 30% but pretax margins were 12.5%. In contrast, ACF posted a pretax margin of only 4.3% in a good year—1980, when its operating capacity was 90%.

The low-cost producers will have more of an advantage because the recovery, when it does come, will be gradual. Price competition will remain fierce. No boom will bail out the weaker companies.

In the short run, component suppliers will probably do better than companies that make railcars. Piggyback cars travel so much faster than boxcars, and "unit" coal cars are so much heavier, that their wheels quickly wear out. So Amsted's wheel supply business should improve. On the other hand, the side frames and bolsters—the nuts and bolts that connect the wheel to the car—rarely wear out before the car. So the National Castings division of Midland-Ross, for example, won't turn around overnight. Already one of the largest producers of side frames and bolsters, Diversified Industries has abandoned the market. If grain exports pick up soon, specialties like the covered hopper would benefit, helping Tiger's North American Car and FMC.

But the business will never be the same, and the railcar makers know it. Looking on the bright side, Amsted's Wellington says: "On the other hand, we won't have the same number of builders and suppliers. So things will be all right, eventually, for those of us who are left." ■

Hopper cars carrying coal
A shakeout is coming, but everyone is saying, "Please God, not me."

"Cover your head while the shrapnel falls"

A few years ago Joy Manufacturing seemed to be a capital goods company able to buck any recession. Well managed, diversified, Joy always had a clean balance sheet—long-term debt has averaged just 16% of capital over the past decade. Earnings have grown more than fivefold since 1972. And for the fiscal year ended September 1982, Joy's profits were down just slightly—from $4.48 a share to $4.27 a share.

No more. The last two quarters of 1982 were weak and earnings will probably collapse in 1983; analysts are currently projecting $1.50 to $2.00. They will come back in 1984, but, at best, only to around $3.00. The economy has finally caught up with Joy—one less "recession-proof" company.

Why? First, Joy's oil service group has been hurting for some time. Then came a steep drop in profits in the coal group, which makes underground mining equipment and provides 45% of revenues. Hard-pressed mining companies have cannibalized parts from idle machines to repair those that are working.

But while even a good company can't resist a recession forever, it can continue to gain market share. Joy has, probably at the expense of Ingersoll-Rand and Dresser. Joy has also managed to continue expanding its sales network overseas. So, while things look bleak in the short run, Joy's long-term prospects are excellent. In the meantime, as A.G. Becker's Kay Reardon puts it, "You just do what you can and then cover your head while the shrapnel falls."—B.B.

Detroit's retooling is largely over, and a huge inventory of Japanese machine tools has piled up in U.S. warehouses. What a difference a couple of years can make.

Industrial equipment and services

By John A. Byrne

JUST TWO SHORT YEARS ago, euphoric machine tool executives were pushing equipment out of their factories during the biggest boom in their history. Driven by Detroit's $3.4 billion retooling in 1979 and 1980, a record $5 billion order backlog then exceeded industry capacity by 20%.

But that was yesterday. The boom has collapsed with a thud. For all of 1982 orders totaled a mere $1.5 billion—roughly the same as the first quarter of 1980. Plant closings are widespread. Machine tool companies have shed nearly a quarter of their work force in the past year alone. "We have a full-scale depression in this industry," declares a spokesman for the National Machine Tool Builders Association.

Of course, depressions do eventually end, but a rebound for machine tool companies doesn't appear likely for this year. Before that rebound is complete, the industry will have to compete against mountains of unsold Japanese machine tools. The glut, estimated to range between 5,000 and 10,000 units worth as much as $500 million, resulted from a continued increase in shipments by the Japanese over the past one and a half years, despite slowing demand.

Domestic producers now fear this stockpile could delay their recovery—up to a full year for machining centers and for numerically-controlled lathes. It's simple: "The choice for a company is to buy a machine that can be shipped almost immediately or to order one from a company that has to call back laid-off workers," says Joe Franklin, statistical director for the machine tool builders group.

Not only has the auto industry demand collapsed, but so has another major customer that fueled the boom, commercial aerospace. Ditto for construction and agricultural equipment, two other strong machine tool customers. "And finally the industry that all of us thought would hold up—energy—stopped buying," says James Geier, CEO of Cincinnati Milacron Inc. "All the major customers for the industry went out with the exception of defense and that has come on slower than people expected."

Adds Parker-Hannifin CEO Patrick Parker: "The big valley of pain is that whole U.S. industrial business. Our U.S. industrial customers are off 30% to 40% whereas in Europe we are seeing only a 5% to 10% decline in our business."

To tide itself over during the crisis, the industry has been working to reduce costs. Cincinnati Milacron has laid off 15% of its U.S. work force, temporarily closed plants for week-long periods and shifted work among factories to keep some running longer. Even so, the company expects a 50% plunge in operating income for 1982. Ex-Cell-O, which has shut down a machining-center plant and consolidated two divisions, has already given notice that 1983 earnings will fall below last year's depressed level. Anticipating a massive 50% fall in sales for 1983, Cross & Trecker has mothballed three plants and laid off 37% of its employees in the past year.

Acme-Cleveland, which has cut its work force by nearly 45% in the past two years, to 3,400, is betting on the factory of tomorrow to insure its own future. Playing the role of venture capitalist, the machine tool builder has invested $7.4 million in five small entrepreneurial ventures that range from laser systems and robotics to computer-aided design and manufacturing. Acme-Cleveland, as a minority partner, hopes to tap the expertise of these firms to diversify from its line of machine tools and foundry equipment. "We want to be less affected by these cyclical downturns in the future," says Vice President Richard Ainsworth.

Even some of the higher flying industrial service concerns have been hit very hard. "It has been a grueling year," says Anixter Brothers Inc. CEO Alan Anixter. "That's the only way to describe it." The wire and cable distributor reported a 13% decline in earnings for fiscal 1982. This came despite a 22% rise in sales boosted by such growing

Japanese machine tools stockpiled in a U.S. warehouse
Will they delay a recovery for U.S. makers?

sectors as cable television and telephones—two areas that most companies don't have to offset the downturn in their basic businesses.

What then could put the industry back on a growth path? Traditionally, the upturn for machine tools comes when capacity use hits 80%. That's the point at which most industrial companies can no longer put off investments in new capital equipment. Trouble is, no one in the industry is forecasting an operating rate of 80% until mid-1984. And a pickup in machine tool orders doesn't translate into increased profits and revenues until six to nine months after the equipment is delivered.

However, many executives are buying the theory that operating rates, now around 68%, really will not have to hit that magic 80% level. They are hoping that the latest downturn has been so severe that companies will have to play a necessary game of catch-up just to replace their obsolescent machinery. Wishful thinking? Probably.

"Between little demand and very weak pricing, you have the makings of an industry that will probably operate in the red in 1983," predicts Eli Lustgarten, a Paine Webber analyst. "Even a 50% increase in machine tool orders over 1982 will not bring the industry up to profitable levels." And the industry's backlog of orders has fallen more than 60% in the past year, to $1.4 billion.

One clue as to when smart executives think the recovery may come: Cross & Trecker isn't going to roll out its new products until the fall of 1984. That's a long way off for a company whose backlog has dwindled to $96.5 million from $353 million a year earlier. CEO Richard Lindgren seems to have some qualms about waiting that long. "Just as we were wrong on the rosy side of the ledger two years ago," he says, "we have to be very careful that we're not equally wrong in predicting doom and gloom in the future. Things are never so good as they seem to be and never so bad as they appear." A good point, that. But his qualms may be groundless. There's little question that the machine tool industry is in for some tough times, maybe for a long time. ■

Industrial equipment and services

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Production equipment												
Cross & Trecker	1	24.4%†	20.6%	0.1	1	22.7%†	19.5%	10.2%	2	17.7%	1	32.5%
Sundstrand	2	22.1	17.1	0.3	3	15.0	13.0	7.9	10	11.9	4	19.5
Cincinnati Milacron	3	21.0	9.0	0.3	4	14.8	7.4	3.6	8	12.1	2	32.1
Briggs & Stratton	4	20.3	15.9	0.0	2	19.7	15.1	6.1	7	12.9	9	8.5
Parker-Hannifin	5	16.7	10.1	0.3	5	13.6	8.6	4.0	1	18.6	6	9.4
Norton	6	16.2	5.6	0.3	6	13.5	5.4	2.4	3	14.5	5	13.6
Hanco	7	15.9	11.7	0.3	7	13.2	9.6	4.3	6	13.3	7	8.8
Ingersoll-Rand	8	14.4	9.3	0.4	8	11.0	7.7	3.8	11	11.8	11	6.0
Acme-Cleveland	9	14.4	9.5	0.5	9	10.9	7.6	3.6	5	13.4	3	20.4
Midland-Ross	10	12.8	2.8	0.4	10	10.3	3.6	1.0	4	14.3	10	7.4
Eagle-Picher Inds	11	11.8	5.5	0.4	11	9.6	4.9	2.1	13	8.5	12	1.7
H K Porter	12	10.4	2.0	0.4	12	8.5	4.0	0.6	9	12.1	7	9.2
Chic Pneumatic Tool	13	5.9	def	0.7	13	7.3	1.4	def	12	10.1	13	–5.9
Medians		**15.9**	**9.3**	**0.3**		**13.2**	**7.6**	**3.6**		**12.9**		**9.2**
Specialty equip. materials												
Trinity Industries	1	25.7%	13.0%	0.5	3	20.1%	10.9%	4.2%	7	19.8%	5	19.4%
Foster Wheeler	2	24.3	19.2	0.1	2	20.8	18.0	3.9	19	11.3	2	24.7
Cooper Industries	3	24.2	17.9	0.1	1	20.9	14.8	8.4	2	31.5	3	21.9
Combustion Eng	4	20.9	21.7	0.2	13	13.5	14.5	4.3	11	13.7	6	19.0
Ametek	5	20.4	18.7	0.4	7	15.2	13.6	6.2	20	11.0	15	11.3
Harris Corp	6	19.8	11.5	0.3	10	14.5	8.0	3.8	6	20.1	1	25.0
Tyler	7	19.6	9.8	1.4	9	14.7	7.0	1.6	10	16.3	16	10.7
Zurn Industries	8	18.5	17.3	0.2	14	13.5	13.1	5.5	25	8.9	4	20.7
Illinois Tool Works	9	18.2	14.3	0.0	5	17.7	13.6	9.0	17	12.1	11	14.0
Stewart & Stevenson	10	17.8	16.2	0.6	18	12.8	11.4	3.1	9	16.4	13	13.0
Tecumseh Products	11	17.7	12.8	0.9	4	17.7	12.7	6.4	29	7.6	17	10.4
Zehnet	12	17.0	17.5	0.1	8	14.9	15.5	4.6	4	20.3	18	10.2
Wheelabrator-Frye	13	17.0	13.5	0.3	11	14.0	11.4	6.2	3	26.9	8	17.1
General Signal	14	16.5	15.4	0.1	6	15.6	14.2	8.9	8	20.2	9	16.9
Sunadyne	15	16.5	11.8	0.2	12	13.8	9.8	4.5	18	11.5	20	8.9
Dennison Mfg	16	15.3	11.0	0.3	16	13.3	9.4	3.6	14	13.2	19	10.1
Avery International	17	15.1	15.0	0.4	20	10.9	10.6	3.9	12	13.3	10	14.5
Ex-Cell-O	18	14.6	13.2	0.1	17	13.2	11.3	5.1	5	19.5	14	13.0
Foxboro	19	14.5	15.1	0.1	15	13.4	14.0	7.2	13	13.3	12	13.3
Timken	20	12.4	4.5	0.0	19	11.6	4.2	3.2	22	10.1	21	6.5

Note: Explanation of Yardsticks calculations on page 50.
†Four-year average. def: deficit.

Whatever happened to R2D2?

Sales of industrial robots were supposed to grow by 45% last year. Instead they grew by 10%, if that, and wound up the year at around $170 million, a drop in the bucket of U.S. industry. Since this was one of the much-touted "answers" to the problem of increasing U.S. industrial productivity, it doesn't seem to make much sense. What happened?

In a word, Detroit. "Our robot industry is too heavily dependent on the automotive business [which uses 60% of all U.S. robots]," says Paul Aron, an executive vice president with Daiwa Securities America. "When autos got hit, so did robots." The high cost of capital did little to make robots attractive to other industries, either.

IBM robot
"Everybody jumped into it."

Worse still, more than 50 American producers are vying for that still-tiny market. Among the latest entries—joining such leaders as Unimation Inc. and Cincinnati Milacron—are IBM and General Motors, both through licensing agreements with Japanese producers. "Everybody jumped into it thinking it would be a big thing, and it became a cost center instead of a profit center," says a spokesman for the National Machine Tool Builders Association.

Of course, many had made the leap when the so-called reindustrialization of America became something of a boardroom buzzword. "A year or two ago, the headlines said factory automation was God's gift to the manufacturing world," says Eli Lustgarten, a Paine Webber Mitchell Hutchins analyst. "That rhetoric has since disappeared, and now you're seeing that factory automation follows the normal cyclical rules." In short, robots aren't recession-proof.

At least not in the U.S. The Japanese market grew by about 50% in 1982, largely because of receptive worker and management attitudes. So Japan, which leads the world with 22,000 installed robots compared with 6,000 in the U.S., further widened its lead in the race to automate. By 1990, the Japanese market should grow tenfold, to $5 billion in annual robot sales, compared with about $2 billion in the U.S. And—you guessed it—a substantial portion of the U.S. total is likely to be accounted for by Japanese-made models.—J.A.B.

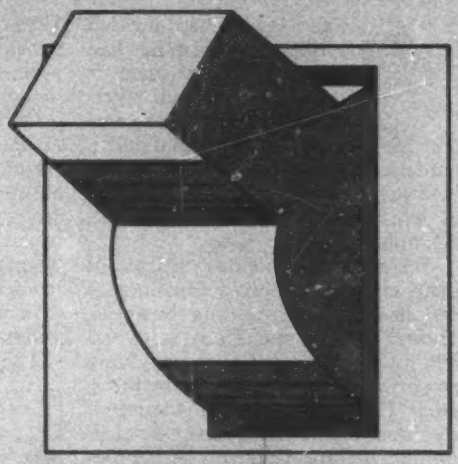
Industrial equipment and services

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Rexnord	21	11.9%	2.7%	0.5	22	10.1%	3.5%	1.0%	16	12.1%	23	1.5%
Stewart-Warner	22	10.8	5.0	0.0	21	10.6	4.8	2.9	30	4.9	22	1.6
UMC Industries	23	10.6	6.6	0.7	24	9.1	5.6	2.1	23	9.8	24	–0.4
Research-Cottrell	24	10.4	11.4	0.5	23	10.0	10.4	3.1	15	13.1	7	17.4
McDermott	25	10.3	13.0	0.2	25	7.3	8.5	4.0	1	32.4	27	–5.4
Ametek	26	9.9	2.5	0.4	26	6.5	2.8	1.2	29	5.9	26	–1.9
Dayco	27	9.8	1.3	1.2	27	6.3	2.8	0.3	24	9.5	25	–1.2
Allis-Chalmers	28	1.6	def	0.4	28	3.6	def	def	28	6.6	28	–23.7
Peabody Intl	29	0.6†	1.9	0.3		**	3.3	0.5	21	10.2‡	29	–45.5‡
General Refractories	30	def	def	0.8	29	def	def	def	27	6.7	30	P–D
Medians		**15.9**	**12.9**	**0.3**		**13.4**	**10.5**	**3.9**		**12.6**		**11.0**
Industrial services												
Geico	1	25.5%	13.6%	6.6	5	16%	8.4%	3.1%	1	44.6%	2	28.2%
FHH Group	2	23.9	20.2	3.6	6	6.0	7.4	6.1	2	29.0	4	21.1
Waste Management	3	23.8	23.7	0.3	2	17.3	18.4	11.0	3	26.1	1	31.9
Ashton Bess	4	21.2	19.4	0.6	3	15.7	14.4	8.0	4	19.8	3	23.3
National Svc Inds	5	19.9	18.8	0.0	1	17.3	16.5	5.7	6	10.3	6	15.8
Browning-Ferris Inds	6	18.5	20.7	0.4	4	12.4	14.5	8.5	5	14.0	5	20.3
Medians		**22.5**	**19.8**	**0.5**		**14.1**	**14.5**	**5.9**		**24.0**		**22.2**
Industry medians		**16.5**	**12.8**	**0.3**		**13.4**	**9.6**	**3.9**		**13.2**		**13.0**
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
†Four-year average. ‡Four-year growth. P–D: profit to deficit. def: deficit. **Not available; not ranked.

What do you when your traditional business runs out of juice? Plug into new outlets.



Electrical equipment

By Subrata N. Chakravarty

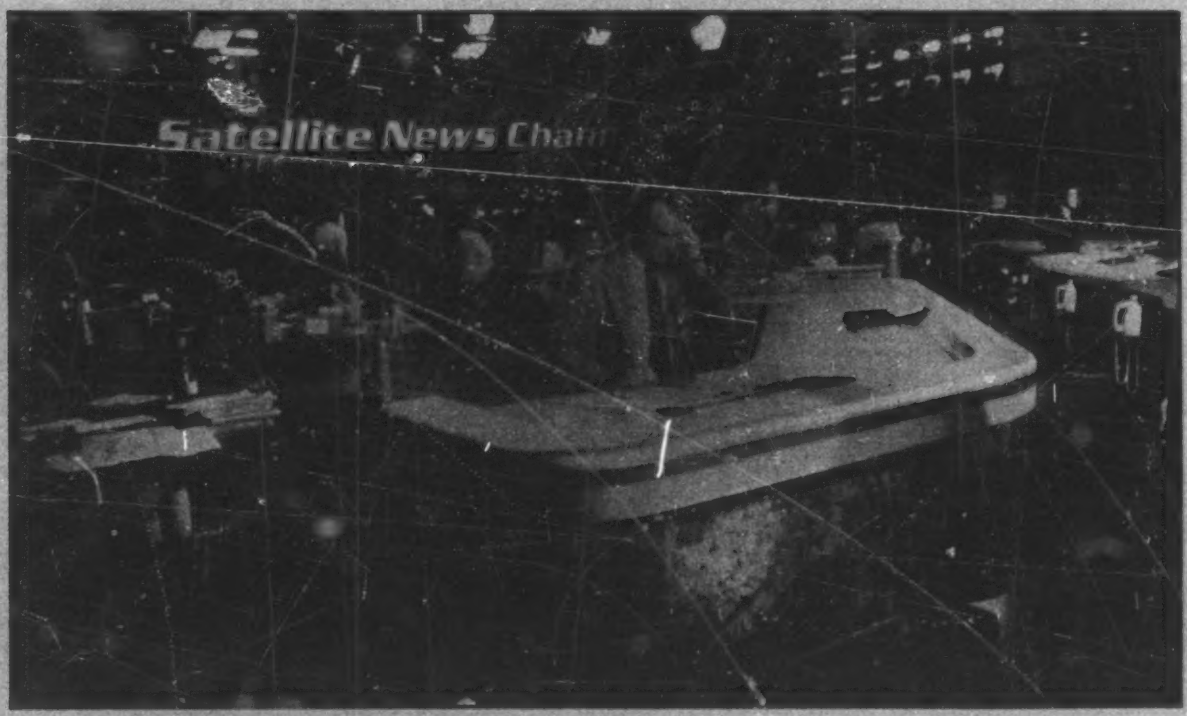
YOU WOULDN'T EXPECT an industry seemingly as closely tied as electrical equipment is to the capital spending cycle—and to one of the most stagnant parts of it, electric utility construction—to be awash with optimism. The fact is, there are some definite signs of it.

True, in 1982, all but one of the companies listed here had lower profitability than their historical averages, and median profitability declined significantly. Surprisingly, though, the industry actually widened the profitability gap between itself and the median for American industry as a whole.

Why? Because electrical equipment in reality no longer is that closely tied to capital spending. "Most major companies have changed their composition in the last several years," says analyst Russell Leavitt of Smith Barney. "The mix has shifted away from cyclical, traditional businesses."

The reason: pure survival. Only 25 new power plants came on line in 1981, down from 35 in 1980. And although some utility executives, like A.W. Vogtle of the Southern Co., are going ahead with new construction *(see p. 103)*, most prefer to stay in a holding pattern as long as demand remains stagnant.

So diversification has become the name of the game. Many companies have moved strongly into electronics, defense and services. Those areas are buoying them up nicely. The most broadly diversified companies, such as Emerson Electric and General Electric, performed near their historical averages in return on equity last year,



Westinghouse's Group W Satellite Communications center in Stamford, Conn.
Wiring America in a different way.

and ever hard-pressed McGraw-Edison has had more balance since it acquired Studebaker-Worthington three years ago. McGraw-Edison, burdened by debt, has managed to unload unsuccessful consumer businesses, while keeping many of Studebaker's industrial businesses.

Westinghouse, too, has rid itself of many consumer appliance businesses and has sold its lighting business. Though it still gets 33% of sales and 35% of pretax profits from supplying power systems to electric utilities, other lines are growing. Industrial electrical equipment, defense electronics and broadcasting together produce some 50% of profits. The acquisition of Teleprompter, too, put Westinghouse into another hot field, cable television. So far, the only impact has been heavy investment in cable systems and services, but analyst Leavitt expects Teleprompter (now called Group W Cable) will help earnings in years to come. And just last month Westinghouse announced plans to purchase Unimation, the industrial robotmaker, for $107 million. It's another new field that will require heavy investment before paying off.

Westinghouse, in fact, was the only electrical equipment company to show a higher return on equity last year over its historic average. There are some reasons for that. First, equity declined significantly as a result of the uranium contract settlements in 1980. Second, Westinghouse's after-tax earnings have been stronger lately because of a very low effective tax rate (under 23% in 1981).

On the other hand, look at Square D, the industry leader in years past, which has tumbled sharply in profitability. The reason: Square D has chosen not to diversify as much as some others. Without services or defense business and with only a small electronics business, it is heavily dependent upon the old markets—utilities and nonresidential construction.

There is another side to this coin, of course. If diversification provides a degree of balance, it also removes some of the upside leverage. "What it means is that the industry doesn't fall apart in a recession, but on the other hand, it doesn't explode when the economy picks up," says Kidder, Peabody's Robert McCoy. In fact, McCoy expects only a 15% gain in industry earnings in 1983, the same as for the Standard & Poor's 500. Thus, once the economy picks up, Square D stands to improve sharply. McCoy estimates that it will do slightly better than the S&P's 500 in 1983, and in 1984, he says, it will be up an impressive 36%.

Tyco's fire protection sprinklers
Diversify or get burnt.

This year's industry leader is a newcomer to the FORBES list, Tyco Laboratories. An aggressively acquisition-minded company, Tyco gets its principal growth from acquiring and turning around troubled companies, or trying to acquire them. A good part of earnings—some 10% in each of the past three years, over 30% in 1979—comes from capital gains from abortive takeover attempts. For example, Tyco had bought about a third of Cutler-Hammer for $94 million by mid-1978. When Eaton went after Cutler-Hammer a short time later, Tyco tendered its shares for $116 million. Tyco has the highest debt-to-equity ratio in the industry as a result of its purchase of Ludlow Corp. in 1981. But debt is partially offset, says Jerome Connoy of Furman Selz, by the 503,000 shares of Allied Corp. $12 cumulative preferred stock, worth $50 million, that Tyco got when it sold its 19% ownership in Fisher Scientific to Allied. With leadership positions in fire protection and underwater cable, and an opportunity to turn Ludlow around, Tyco, too, should benefit from an upturn in the economy.

With aggressive cost-cutting, tight controls and diversification, the electrical equipment industry has weathered a terrible year. Who says you can't teach old dogs new tricks? ■

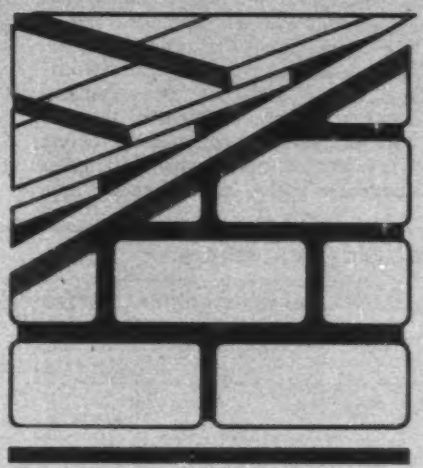
Electrical equipment

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Tyco Laboratories	1	31.5%	19.4%	1.2	8	15.8%	10.8%	4.2%	1	33.7%	1	30.0%
Square D	2	23.3	16.0	0.2	3	18.9	13.2	7.0	8	14.4	9	12.4
Emerson Electric	3	21.5	20.2	0.1	1	20.0	19.5	8.6	4	17.4	7	14.5
General Electric	4	20.4	19.2	0.1	4	18.2	17.7	6.6	9	11.1	10	12.3
National Svc Inds	5	19.9	18.8	0.0	5	17.3	16.5	5.7	10	10.3	5	15.8
W W Grainger	6	19.4	15.8	0.0	2	19.0	14.9	6.5	6	16.2	5	15.8
Harvey Hubbell	7	17.7	17.5	0.0	6	17.1	16.5	8.0	5	16.3	8	13.5
Raychem	8	17.5	11.2	0.1	7	16.0	10.0	5.3	3	24.7	2	26.0
Johnson Controls	9	17.0	15.0	0.3	9	14.3	12.4	4.3	2	27.2	3	18.7
Westinghouse Electric	10	15.6	15.9	0.3	10	13.5	13.4	4.7	12	7.0	4	18.4
McGraw-Edison	11	13.3	11.0	0.8	11	11.8	8.9	2.8	7	15.3	11	10.5
Robertshaw Controls	12	3.9	4.7	0.6	12	7.3	4.6	1.5	11	8.8	12	5.6
Industry medians		18.6	15.9	0.2		16.6	13.3	5.5		15.8		15.2
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.

No one denies that demand for concrete will rebound after the recession. The real question is: Will there be a tremendous shortage of the stuff? Don't hold your breath.



Building materials

By Jeff Blyskal

During the past four or five years there have been more potential buyers flocking around cement companies than kids waiting for a chance to write their names in a freshly poured sidewalk. Crane Co. spent $150 million for Medusa Corp. in 1979; Gifford-Hill swallowed Amcord Inc. for $235 million the same year; West Germany's Portland-Zementwerke Heidelberger snapped up Lehigh Portland Cement in 1978 and, for more than $100 million in 1980, U.S. Steel's Universal Atlas Cement. And, most notably, Lone Star Industries, which has been buying capacity left and right, paid $245 million for Gulf & Western's Marquette Co.

What's going on here? Part of the story, at least since 1979, has been that recession and the accompanying prospect of poor earnings had driven cement stocks down. The undervalued assets thus became attractive buys for anyone with the money and the stomach. In addition, with the cost of new-plant construction over $175 million for a million tons of capacity, "it's been cheaper to buy than build," explains Merrill Lynch analyst Jeanne Terrile. That's a familiar refrain in U.S. industry these days, but nowhere more so than in cement.

But there is another reason: the prediction of a big cement shortage in the Eighties. The siren song went up as early as 1977, and as recently as 1980 *Business Week* was talking about shortages that could make cement "as precious as oil." An ironic statement that, considering what is happening to the price of oil.

The number one proponent of the shortage theory has been $900 million (sales) Lone Star, the country's biggest cement producer. The rebuilding of America's highways, bridges and sewer systems will require oceans of cement, says the Connecticut-based company, which recruited Orson Welles to narrate a company film on the need for a strong cement industry free of government meddling.

Such talk of shortages has a curious ring at a time when U.S. industry is running at a low rate of capacity utilization. Yet potential demand is surely there. Government estimates say that to bring the infrastructure back up to snuff by 1990 would cost $2.5 trillion—just $400 billion shy of the U.S.' entire gross national product last year—and require about 2 billion tons of cement. Even operating flat out, the cement industry could produce only 600 million tons by 1990.

Adding to the problem, according to the optimists, U.S. cement-making capacity has been deteriorating for years. And the recession has not helped. "In the past four years, 24 cement plants have been permanently shut down," says Carmine Muratore, Lone Star executive vice president. "The industry has lost 15% of its capacity, which now stands at 85 million tons." Consumption even in this year's weak market, continues the company's second-quarter report to shareholders, will be about 68 million tons. Not all that much leeway there against a major pickup in demand.

Sound alarming? It does, but not everybody agrees. The Portland Cement Association says total capacity is about 90 million tons and is not down but virtually unchanged since 1974. And, while many plants have been shuttered, they were replaced by more modern facilities. In 1981, for example, in 1981 6.3 million tons of capacity were shut down, but 9.1 million tons were added. "That was the most capacity added ever," says Richard Reuss, president of the PCA. Three million more tons are under construction, and another 7.4 million tons are on the drawing boards.

Meanwhile, PCA cement consumption projections show a peak demand for 84 million tons of domestic shipments by 1986. While Reuss points out that the forecast is conservative—based on annual GNP growth of 3%, a 5% CPI, up to 1.85 million housing starts and about 7% unemployment—the PCA projections are down considerably from those made in mid-1980. Then, the PCA saw 88 million to almost 95 million tons' demand by 1985; now it estimates 86 million tons in 1985, 4 million met by imports.

So some industry executives don't buy the crisis-shortage theory, much as they would like to. "I hope we see a shortage," says John Hill Jr., chairman of $560 million (sales) Gifford-Hill, based in Dallas. "But I'm not as optimistic as some. There have been a number of modern plants built, and I think we're going to see much slower and milder economic growth coming out of this recession."

As for the $2.5 trillion rebuilding of America, with the government trying to cut deficits, hold down inflation and still pay for social programs and defense needs, reality will probably fall far short of dreams. Thus far there is primarily the Drew Lewis bill, which would add a 5-cent-a-gallon tax on gasoline to pay for $5.5 billion a year in public works projects. Rob Roy, an economist at PCA, estimates the legislation will create demand for up to 3.5 million tons a year.

Even that much pickup could do wonders for the industry's profitability. Such a demand surge could, Lone Star thinks, run the price from the current $55 per ton to $100. But, of course, Lone Star is the industry opti-

mist, and the fact is that $100 cement could make alternative building materials increasingly attractive. Asphalt can replace cement in roads; slab and pier foundations use far less concrete than homes built with full basements; and steel will be more competitive with poured and prestressed concrete in bridge building. If modern technology has taught us anything, it is that in this age of substitutability, demand for almost all products is highly price-sensitive. Anyone who doubts that need only recall what is happening to oil.

Then there's foreign competition, which in the last boom year, 1979, contributed 9.4 million tons—11% of U.S. demand. Overseas producers can bring cement into the U.S. at $47 a ton, versus that $55 U.S. price—the reason Kaiser Cement has filed a petition against alleged dumping of cement by Japanese and Australian companies in its West Coast markets.

Building materials

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Lumber												
Weyerhaeuser	1	13.2%	4.6%	0.5	2	9.6%	4.3%	3.7%	5	10.0%	4	2.3%
Georgia-Pacific	2	12.7	5.5	0.7	4	8.1	3.5	2.2	3	13.0	3	2.4
Willamette Inds	3	12.4	def	0.7	1	9.7	1.3	def	2	13.8	6	1.1
Champion Intl	4	11.1	0.9	0.5	6	7.5	2.4	0.8	6	7.3	7	0.0
Louisiana-Pacific	5	10.7	def	0.2	7	7.3	def	def	1	15.6	5	1.8
Boise Cascade	6	10.4	0.1	0.6	3	8.2	2.0	0.1	4	11.4	1	6.0
Southwest Forest Inds	7	8.1	def	1.0	8	7.5	1.3	def	7	6.8	2	4.5
Edward Hines Lumber	8	def	def	0.4	8	def	def	def	8	5.8	8	P–D
Medians		**10.9**	**def**	**0.6**		**7.8**	**1.7**	**def**		**10.7**		**2.1**
Cement and gypsum												
United States Gypsum	1	16.0%	7.1%	0.2	1	11.6%	5.8%	3.8%	4	9.5%	1	18.4%
Ideal Basic Inds	2	13.0	def	0.7	3	8.5	def	def	2	9.6	5	5.0
Lone Star Industries	3	12.3	def	0.6	4	9.1	2.2	0.5	5	5.3	3	10.3
National Gypsum	4	12.1	3.1	0.4	3	9.2	2.8	1.7	3	9.5	2	11.7
Gifford-Hill	5	11.6	def	1.2	2	9.5	3.2	def	1	14.5	4	7.8
Medians		**12.3**	**def**	**0.6**		**9.2**	**2.8**	**0.5**		**9.5**		**10.3**
Other building materials												
Vulcan Materials	1	21.6%	15.8%	0.2	1	15.5%	12.1%	8.6%	2	12.6%	4	15.6%
H H Robertson	2	18.6	19.2	0.2	2	14.6	17.0	4.0	4	11.1	1	19.7
PPG Industries	3	14.0	9.3	0.3	3	10.5	7.3	4.7	6	9.6	5	11.0
Ceco	4	12.4	9.2	0.2	4	10.0	7.7	2.6	7	9.6	3	16.1
Owens-Corning Fiberglas	5	11.4	3.1	0.4	5	9.3	3.2	1.0	1	17.2	9	3.3
Crane	6	11.3	2.6	0.6	9	8.0	4.3	0.9	14	5.8	12	–3.2
SCM	7	11.0	5.7	0.4	8	8.3	5.4	1.8	10	7.7	6	9.2
Evans Products	8	10.6	def	1.1	5	9.3	0.7	def	9	7.8	2	18.2
DeSoto	9	10.2	4.7	0.2	7	8.5	4.5	1.7	15	3.6	7	7.1
Jim Walter	10	9.6	0.7	1.0	11	6.7	2.8	0.3	8	9.2	13	–3.3
Armstrong World Inds	11	8.9	3.2	0.2	10	7.6	3.4	1.5	12	7.3	10	2.3
Sherwin-Williams	12	8.0	11.0	0.7	13	5.7	7.5	1.8	5	9.9	8	5.6
Manville	13	7.3	def	0.4	12	6.7	2.8	0.9	3	12.0	11	–2.4
Certain-teed	14	1.6	def	0.5	14	3.5	def	def	12	7.3	14	–29.6
Bird & Son	15	def	def	0.4	15	def	def	def	11	7.6	16	P–D
GAF	16	def	def	1.6	16	def	0.9	def	17	–2.3	16	P–D
Masonite		**	def	0.1		**	def	def	16	0.4‡‡	15	–35.8‡‡
Medians		**10.4**	**3.1**	**0.4**		**8.2**	**3.4**	**1.0**		**7.8**		**3.3**
Building equipment												
Dover	1	27.0%	24.1%	0.1	1	23.6%	22.0%	8.9%	1	19.1%	1	22.2%
Masco	2	23.5	19.9	0.7	3	14.3	13.0	11.0	2	18.1	3	16.7
American Standard	3	21.4	6.8	0.4	2	15.2	5.7	2.0	8	7.6	2	18.9
Butler Manufacturing	4	13.4	6.9	0.3	4	11.3	6.0	2.6	4	8.1	6	3.8
Trane	5	13.4	11.0	0.4	5	10.9	8.9	3.8	3	11.8	5	14.7
Scovill	6	11.2	9.6	0.7	6	9.2	8.5	2.3	6	6.8	4	15.2
Medians		**17.4**	**10.3**	**0.4**		**12.8**	**8.7**	**3.2**		**10.0**		**16.0**
Industry medians		**11.4**	**3.1**	**0.4**		**9.1**	**3.3**	**1.3**		**9.5**		**8.3**
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
‡‡Three-year growth. P–D: profit to deficit. def: deficit. **Not available; not ranked.

"They're selling export cement for less than they're selling cement in their home country," complains Kaiser Chairman Walter Ousterman.

The recent takeover spree has given foreign companies like Portland-Zementwerke Heidelberger, Canada Cement LaFarge and Société des Ciments Français a stronger toehold here. Today, foreigners own close to 30% of U.S. cement capacity. That's a vote of confidence, of course, in the future of the U.S. cement industry.

Where does this leave Lone Star? Since cement cannot be economically transported over land for more than 200 miles, concrete is a regional business, and thus Lone Star is basically a lot of little regional companies. By being the nation's biggest, Lone Star gains geographic diversification. But that has not necessarily made it more profitable. Compare Lone Star's five-year return on equity of 12.3% with $285 million (sales) Texas Industries' 23%. And TI is saddled with half a steel mill to boot.

Lone Star is heavily committed in the East and increasingly in the Northeast, thanks to the Marquette acquisition. That is a market with tight competition. "There are six dogs fighting over three bones in the Northeast," comments Hill. But Lone Star bought its eastern capacity at a low price, an advantage not to be sneezed at.

While Lone Star has bought old plants, Kaiser, with whom it competes in California, has modernized. All five of Kaiser's U.S. plants have switched from fuel oil to cheaper coal and, more important, to the dry-production process, which cuts 30% to 40% off energy costs. Says Kaiser's Ousterman: "You'd have to say our philosophy is directly contrary to Lone Star's." Another cement company going the modernization route: Ideal Basic Industries, which over the past three years has spent almost $700 million on plant (to twice-as-big Lone Star's $441 million).

Lone Star CEO James Stewart is going his own way. Five years ago he charted his course. He would buy old capacity and fix it up instead of building brand new capacity: more expansion for the buck. That's an appropriate posture for a man who believes that shortages lie ahead. He has gotten some bargains, but Lone Star could be vulnerable if the expected demand doesn't materialize. Stewart is clearly a man who puts his money where his mouth is. ■

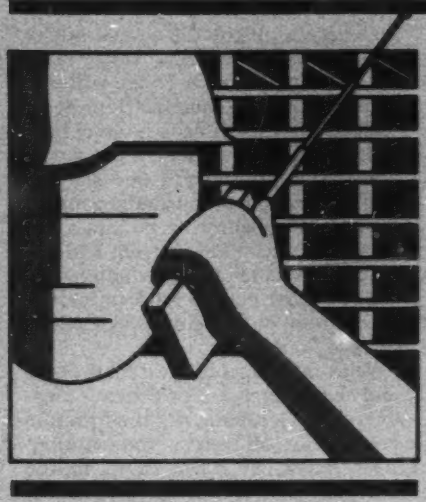
Even the optimists of the housing industry are talking about changes so fundamental as to amount to a new economic order. Will the glory days ever come back? Not until this painful transition is completed.

Contractors

By Michael Cieply

TALK WITH A BUILDER for five minutes, and you will hear less about brick and mortar—or the 1.3 million housing starts most predict for this year—than what they regard as the step-by-step decimation of America's home financing system. The Fed tightened credit controls in 1979, just as the housing cycle turned down. As deregulation began, the thrifts went to short-term investments. Consumers said no to the variable-rate mortgage. Result: a three-year depression that saw housing starts dwindle to barely 1 million, the lowest level since 1946, and left as many as 50% of builders idle last summer.

Ryan installs a prefabricated kitchen
"They're taking everything but the squeal out of the pig."



So even optimists like Malcolm Prine, president and chairman of Pittsburgh-based Ryan Homes, Inc., speak somberly of fundamental changes these days. "For all of my lifetime, housing has been financed by the small saver," says Prine. "But public policy said the saver was subsidizing the home buyer. So we changed all that—and in the process we worked a huge revolution in this business. The S&Ls, representing about 70% of housing finance prior to 1978, are now going down, in my opinion, to between 25% and 33% of the business."

Translation: Don't look for a full recovery just yet. As the cycle picks up, builders must scrounge for at least $60 billion a year in new financing sources. Yet the glory days—say, 2 million starts, as in 1977—could be in the cards for the mid-1980s. Why? First, because the baby-boom generation is severely underhoused, demographics still dictate expansion. But, more important, because the financial revolution, painful as it may be, is finally beginning to stabilize.

Consider these promising signs:

- Insured money market instruments, authorized since Dec. 14, 1982 in denominations as low as $2,500, will prove a powerful savings magnet for the thrifts. Chairman Anthony Frank of San Francisco's First Nationwide Savings predicts that in 1983 the cash-rich survivors among the S&Ls, with $60 billion in new funds to invest, will begin coming back to what they do best: the 30-year mortgage, possibly fixed-term, with interest rates as low as 11.5%.
- Barriers to pension-fund mortgage investment are falling. Since last May, a Labor Department class exemption has permitted construction unions to buy qualified mortgage instruments. But the big break may come with pending legislation to let the entire $550 billion private pension system invest freely in residential mortgages (FORBES, *Dec. 20, 1982*).
- Deprived for so long of cheap cash from the S&Ls, builders have been learning to fend for themselves. A full 55% of Ryan's homes, for example, are now financed by mortgage-backed bonds, which the company sells for $1,000 on the retail market. Both Pulte and U.S. Home go straight to capital markets with similar instruments. By relying on themselves, these big builders have managed to increase market share, while myriad small firms died in the crunch.

For all that, one last financial jolt will have to be absorbed before the

Contractors

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales	Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Heavy construction												
Parsons	1	28.8%	27.4%	0.1	1	24.2%	24.8%	3.3%	10	10.3%	2	22.9%
Turner Construction	2	22.3	26.4	0.6	2	20.6	17.2	0.5	4	19.7	7	16.8
Fluor	3	22.1	11.5	0.6	3	17.4	7.6	2.5	1	31.3	3	19.8
Blount	4	21.3	17.1	0.7	6	13.2	11.5	1.7	8	12.7	5	19.1
CBI Industries	5	20.8	22.5	0.1	4	17.1	17.2	8.0	12	8.4	9	11.9
Morrison-Knudsen	6	16.4	13.9	0.3	5	13.2	11.1	1.7	5	16.8	4	19.1
Foster Wheeler	7	15.9	18.9	0.5	7	12.7	13.6	2.0	11	10.0	10	10.1
Dynalectron	8	13.1	20.1	0.3	8	10.9	15.6	3.0	6	16.7	6	18.2
Raymond Intl	9	11.9	9.1	0.5	10	9.8	7.4	0.9	2	28.6	11	1.9
Perini	10	11.3	14.9	0.1	9	9.9	13.6	1.4	3	22.7	8	14.3
Dravo	11	9.1	2.1	0.3	11	8.6	3.8	0.4	9	12.2	12	–1.8
Dillingham		**	8.3	0.8		**	7.0	1.8	7	15.4‡	1	28.3‡
Medians		16.4	16.0	0.3		13.2	12.6	1.8		16.1		17.5
Home building												
Centex	1	19.6%	8.9%	0.3	2	8.4%	5.3%	3.0%	2	18.7%	3	21.3%
U S Home	2	16.0	def	0.9	3	8.1	def	def	1	18.9	2	24.4
Ryan Homes	3	12.3	1.1	0.2	1	11.2	1.7	0.4	3	12.7	4	0.8
Kaufman & Broad	4	6.3	def	0.8	5	5.2	0.9	def	4	8.5	1	29.8
Del E Webb	5	5.8	def	1.1	4	8.0	4.0	def	5	6.0	5	–3.3
Medians		12.3	def	0.8		8.1	1.7	def		12.7		21.3
Industry medians		16.0	11.5	0.3		11.1	7.6	1.7		15.4		18.2
All-industry medians		13.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
‡Four-year growth. def: deficit. **Not available; not ranked.

wracked housing industry can regroup. An estimated $7.3 billion in balloon payments, the legacy of creative financing at the end of the last boom, are scheduled to come due by 1985. As early as last October, 50% of FHA loans went to refinance existing home deals while drawing cash away from the new-home market.

Another serious concern: After three years of drought, will the industry have the muscle to come back in force? Michael Sumichrast, chief economist of the National Association of Home Builders, says yes, in spite of the fact that NAHB membership has declined more than 14% since 1981, the first such attrition in any downturn. "The only thing you worry about losing is the trained craftsman," says Sumichrast. "But new people come in quickly. That's the nature of the business."

Maybe so. Yet even if the rebound is fairly sharp, as Wall Street bets it will be, with many housing stocks trading at year-end at roughly triple their bottom levels, the recovery is likely to represent a whole lot more of less. In Sumichrast's words: "We're doing now what the auto industry did, downsizing."

Indications of that scaling down abound. Although starts were up 31% last fall, single-family detached units actually declined from peak levels last year. The big increase—40%—was in new permits for multifamily dwellings. In fact, big builder Ryan reports that three of its top six selling units are attached town houses. In 1978 all six top sellers were big-revenue, two-story and split-level, free-standing homes.

All that means less value per unit, though earnings should be strong for most major builders, largely because productivity improved during the long downturn. The Ryland Group and Ryan should still do well by concentrating on the first-time-buyer, where there is pent-up demand, and by shaving costs to the bone through prefabrication. Says analyst John Lynch, of Lynch Research & Investment: "Ryan has survived by doing what the meatpacking companies learned to do in Chicago. They're taking everything but the squeal out of the pig and packaging it." Texas-based Centex and U.S. Home will still reap enormous advantage from geography. "Texas is going to be great next year," says Lynch. "In Houston alone, you're going to have 50,000 starts. I don't know how many you're going to have in all of California, but not a hell of a lot more." The reason: California's high land costs, which could mean a slow pickup for Kaufman & Broad, now building only in California and France.

With rents up, building costs down and commercial downtown areas overbuilt, apartment construction could take off across the country. Lisle Payne, president of $1 billion San Francisco real estate investment company Fox & Carskadon, says he will divert 75% of funds from office space into conventional apartment rentals in 1983.

Sounds great, doesn't it? But an industry this battered is almost afraid to hope for the best. In the words of Centex Chairman Frank Crossen: "We like it so far. But let's just pray this thing's gonna hold." ■

Beyond the pork barrel

They used to call this pork barrel," drawls Texas-born H.C. (Tony) Heidenfels, president of the Associated General Contractors of America. "Now we like to call it 'maintaining your investment.'" Contractors would be delighted to see Congress spend $5 billion a year in gas-tax money repairing the nation's highway system, but the savvy Heldenfels is also betting on a piece of sleeper legislation that may give heavy construction an equal boost—and won't cost the taxpayer an extra dime.

Under Senate Bill 2278, introduced last year by John East of North Carolina, all construction under federally assisted programs would be subject to mandatory "cost comparison review." In practice, that means competitive bidding. Most federal projects are already contracted out. But at least $4 billion worth of federally assisted state and local work is done by employees on the public payroll.

Heldenfels figures phasing out such work would save between 25% and 50% of cost on most jobs. "Contractors are hungry right now," he points out. "Price competition would be pretty fierce." But some powerful special interests would have to be breached, such as the sacrosanct Tennessee Valley Authority, which employs its own labor on as much as $2 billion in building and repairs each year.—M.C.

AGC President H.C. Heldenfels
Among work-starved contractors, "price competition would be fierce."

It won't be easy for auto parts suppliers to profit from the Japanese automobile plants in the U.S. In fact, there seems to be a lot more threat than promise in them.

Auto suppliers

By Barbara Rudolph

A GROWING PART of the Japanese automobile industry is now situated on U.S. soil. Nissan has a new light-truck plant in Smyrna, Tenn. and Honda has just opened a plant in Marysville, Ohio. That should present some welcome opportunities for American auto parts and supply companies, right? Not exactly. The Japanese, it seems, have done it once again.

Nissan may say that 38% of its parts will be bought from American companies. But they will be the less sophisticated and less profitable ones. Plenty of dashboards and seat covers, but no engines, no brakes. "Every day I read Nissan's published list of parts," sighs William Butler, president of Eaton's auto parts group. "Sure, they are buying from domestic companies, but look closely and it's all stuff like adhesive."

In fact, the growth of Japanese auto manufacturing in the U.S. will be at best a real challenge for American parts suppliers and at worst a threat. Japanese manufacturers don't have to buy U.S. parts, after all, as matters now stand. They can export them from Japan, or even persuade their suppliers to come along. "The foreign threat to domestic parts companies is potentially great," says Robert Orsini, vice president at William C. Roney & Co. Dana Corp. Executive Vice President George Doresco agrees: "Competition [with Japanese parts companies] will keep increasing. I see no reason for it to stop."

Japanese auto parts companies—names like Stanley Electric and Nippondenso—are relatively small companies, with long-held ties to giants Nissan, Honda and, especially, Toyota, which refers to them as its "family." And apart from the political incentive to "buy domestic," it seems logical to suppose that Japanese companies want to do business with Japanese suppliers, whether their plants are in Japan or Ohio. A case in point: Nissan trucks will be fitted with steering wheels from an American subsidiary of Isumi, a Japanese company. That is business that might have been snared by Sheller-Globe, which has fully half of the U.S. market for steering wheels.

Japanese manufacturers would be forced to buy American if Congress passed proposed "local content" legislation. The bill, which is supported and, some say, almost entirely written by the UAW, would require between 75% and 90% American content in U.S.-made Japanese cars. It probably won't pass under Reagan, but that could change if the Democrats win in 1984, especially if both unemployment and automobile imports remain high.

Obviously, too, passage of local content law would mean more expen-

Collapse of the carburetor?

Back in 1962 you were the king of cool if you spun around town in a flashy Corvette. But you might not know one distinction the car enjoyed: It was the first American car without a carburetor.

Some Corvettes sported a mechanical fuel-injection system, a fluke that soon passed from the scene. But today fuel-injection systems claim about 20% of the market, and Robert Orsini predicts that by 1986 the carburetor will be all but extinct. "It's going the way of the buggy whip," he says.

Both carburetors and fuel injectors serve the same function: taking gasoline from the tank, mixing it with air and squirting it into the engine. While carburetors do not precisely distribute the fuel and air, the fuel injection system's electronic meter means each cylinder gets the same amount of fuel. It doesn't come cheap, though: Fuel injection is three times more expensive than the carburetor.

So far, Bendix has been the only American company to make any real money on fuel injection systems. Other manufacturers include Hitachi, Lucas, a British company, and the German giant Bosch, which introduced a diesel injection system in 1927.

Until recently there were three U.S. producers of carburetors—Holley Carburetor, a division of Colt Industries, GM's Rochester Products, and ACF's Carter Carburetor. ACF recently sold Carter to an Italian company, Weber. And several years ago Rochester began moving out of the carburetor market.

Then there's Holley Carburetor, a classic illustration of misreading a changing market. Several years ago it began aggressively promoting its "electronic carburetor," a more sophisticated version of the same old thing. While Holley denies that the market for carburetors is collapsing, the company is diversifying, too. Still, Holley is grabbing a large share of the aftermarket—that is, fixing all those broken-down old carburetors that linger on the road.—B.R.

sive cars for American consumers—about 10% to 15% more expensive, according to a Department of Transportation study. "It could be a Smoot-Hawley tariff all over again," says Prescott, Ball & Turben's Art Davis. "Local content would just let American automakers get fat and lazy."

Davis is more optimistic than most analysts about the prospects of U.S. suppliers with a greater Japanese manufacturing presence. There is a good chance the Japanese would form joint ventures or even acquire American parts and supply companies, he says. "The trend has to be good for strong-niche companies like Sheller-Globe and Federal-Mogul." Maybe that's true. But history would suggest that the Japanese are not about to buy a sizable American company. Consultant James Harbour, for one, dismisses all talk of takeovers and joint ventures as "dreamland." Technical agreements between American and Japanese companies are something else, of course, and Nissan USA Vice President Tom Benefield predicts those will increase.

All this does not mean U.S. parts suppliers will be inevitably frozen out. "The Japanese don't play games, but a U.S. company could get the business if it demonstrates it can offer quality and productivity," says Harbour. Hoover Universal has already shown the way. It will be making seats for Nissan's American pickup trucks—more business than any other American supplier has nailed down so far. That is mostly because Hoover had established contacts with the Japanese 25 years ago, when it set up a joint bearing manufacturing plant in Japan. Seat parts are not exactly high tech, to be sure, but it's a start.

Finally, there is a real possibility that the situation simply stays the same, with U.S.-sited Japanese plants bringing in as many parts from home as they choose. Says Eaton's Butler: "They could just keep on loading their boats. And that's not good news for us at all." ■

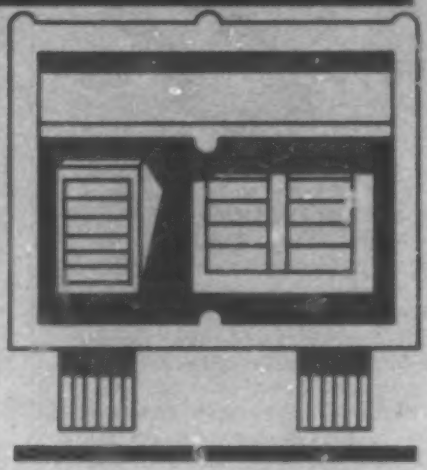
Auto suppliers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity			debt/ equity ratio	Return on total capital			net profit margin	Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months		5-year rank	5-year average	latest 12 months		5-year rank	5-year average	5-year rank	5-year average
Tire and rubber												
Goodyear	1	9.6%	9.9%	0.4	1	7.7%	3.2%	2.7%	3	8.7%	1	4.9%
Gen'l Tire & Rubber	2	8.1	3.3	0.2	2	6.7	3.4	1.6	5	4.1	3	–2.5
B F Goodrich	3	6.2	def	0.7	3	5.8	0.9	def	2	8.9	2	3.2
Armstrong Rubber	4	5.3	12.3	0.6	4	5.5	9.5	2.7	1	9.4	4	–5.1
Firestone	5	def	def	0.3	6	1.0	0.9	def	4	4.3	5	P-D
Uniroyal	6	def	8.0	0.8	5	1.8	6.0	2.0	6	0.8	5	P-D
Medians		5.8	8.7	0.5		5.7	4.7	1.8		6.6		–3.8
Parts makers												
Snap-On Tools	1	24.5%	18.5%	0.1	1	21.2%	16.5%	9.1%	2	16.4%	3	18.6%
Lear Siegler	2	24.2	17.0	0.4	3	15.0	12.9	4.7	6	14.4	1	22.2
Genuine Parts	3	20.8	18.6	0.0	2	20.9	21.3	5.1	3	15.7	7	14.4
Purolator	4	19.1	23.5	0.5	5	14.3	16.4	3.7	9	13.3	9	11.2
TRW	5	19.1	14.0	0.2	10	12.5	9.2	3.7	11	12.1	11	10.8
Bendix	6	19.1	9.0	0.3	4	14.9	7.9	3.2	20	7.9	4	17.1
Federal-Mogul	7	17.9	13.1	0.5	7	13.9	9.5	4.0	10	12.4	5	16.6
Rockwell Int'l	8	17.7	17.4	0.1	8	13.6	14.5	6.5	22	7.1	8	13.8
Johnson Controls	9	17.0	15.0	0.3	6	14.3	12.4	4.3	1	27.3	2	18.7
Hoover Universal	10	14.7	9.4	0.4	13	11.0	7.5	2.9	15	10.3	15	5.8
Dana	11	14.6	7.3	0.4	11	12.1	6.6	3.0	5	14.6	13	6.2
Borg-Warner	12	14.2	13.7	0.1	9	12.8	12.3	5.6	18	8.9	6	14.7
Echlin	13	14.0	13.4	0.3	12	11.6	11.6	5.4	4	15.2	16	5.6
PPG Industries	14	14.0	9.3	0.3	14	10.5	7.3	4.7	16	9.6	10	11.0
Eaton	15	13.2	14.0	0.5	17	9.5	10.5	2.9	12	11.9	19	1.6
Eaton	16	12.8	5.7	0.5	18	8.9	5.0	2.1	13	11.8	17	4.4
Barnes Group	17	12.7	def	0.3	15	10.5	def	def	7	13.8	12	6.6
Champion Spark Plug	18	10.9	5.9	0.1	16	10.3	6.1	2.9	14	10.3	23	–3.4
Allen Group	19	10.7	2.1	0.6	19	8.3	3.7	0.5	21	7.3	14	5.9
Cummins Engine	20	10.3	2.6	0.4	20	7.9	3.0	1.2	8	13.5	18	3.2
Dayco	21	9.8	1.3	1.2	23	6.3	2.8	0.3	17	9.5	21	–1.2
Arvin Industries	22	9.6	4.6	0.4	22	7.4	4.8	1.7	23	7.1	22	–1.8
Libbey-Owens-Ford	23	7.7	3.1	0.4	21	7.4	4.1	1.6	19	8.5	24	–6.3
Sheller-Globe	24	7.0	12.7	0.8	24	5.5	7.9	3.2	24	6.2	25	–13.7
A O Smith	25	4.8	def	0.4	25	4.7	def	def	25	5.1	20	1.3
Medians		14.0	9.4	0.4		11.0	7.9	3.2		11.8		6.2
Industry medians		12.8	9.3	0.4		10.3	7.5	2.9		9.6		5.6
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
P-D: profit to deficit. def: deficit.

Well-managed trucking companies, large and small, were expecting a recovery in 1983. But watch the joker in the pack—taxes.



Truckers and shippers

By Allan Dodds Frank

"We've got a very difficult economy and everybody has to scramble," said Charles Zodrow as 1982 drew to a close. Zodrow is the closemouthed chairman of a tight-lipped company, $1.1 billion (sales) Roadway Express, the nation's largest trucker, so that is about all he had to say about 1983—until President Reagan and Congress sought more "revenue enhancement" from truckers. "The economy is completely unknown," says Zodrow, and the new taxes would be "costly and very questionable unless offsetting productivity gains (in equipment size and weight laws) are also passed."

The 5-cent-per-gallon increase, for example, would add $500 million a year to the industry's tax bill. The American Trucking Association went along with the 5-cent tax, hoping to head off increases in the heavy-use tax and the annual-use tax based on vehicle purchase price. These could triple the annual tax on larger trucks, the ATA says, to nearly $4,400. Worse from the interstate truckers' viewpoint, such changes are biased against them specifically, since the taxes on some smaller trucks would be reduced on the grounds that they do less damage to the roads.

Trade associations sometimes have a way of crying doom and gloom in the heat of lobbying, what it does show, though, is how easily tax changes could change a fragile recovery for any given industry in 1983 into a tough year indeed.

The $42 billion (revenues) interstate trucking industry, moreover, is in a more fragile state than most. It is still working through the toils of deregulation, now in its third year. The adjustment has been traumatic, and the trauma is far from over. The ATA had expected at best a small collective profit for the industry this year—about grown nearly 17% annually for the last five years and is now the 11th-largest trucking company in revenues and sixth in profitability. "We plan to expand in an orderly fashion," says Younger. "We're not going to overextend ourselves to expand anyplace." But Carolina has a big reach and has just made cargo connections with companies in Europe and the Caribbean. Transportation analysts call it the epitome of what smart management can do to take advantage of deregulation. No wonder Younger's an optimist.—A.D.F.

The half-full glass

An optimist sees the glass half full, a pessimist sees it half empty. Deregulation is a little like that. Carolina Freight Carriers Corp. is one of the optimists. There were so many advantages to deregulation, says Carolina's president, Kenneth G. Younger, that "we didn't want to spend five minutes worrying about the unpleasant things."

For example, says Younger, look at the ease with which a trucker can get new operating authority without yesterday's long ICC process. "We've opened up new terminals—we've now got 117 in 24 states—that would have taken years before," he says. Deregulation of the railroads has helped, too; Carolina now finds it easier to ship piggyback loads to Texas and California.

Of course, Carolina has a lot going for it. It has a nearly new fleet of trucks getting more than 6.1 miles to the gallon vs. 5.2 mpg for the industry, no short-term debt and moderate long-term debt (at 9.1%), an untapped $10 million credit line and a nonunion subsidiary, Cardinal Contract Carriers. Smaller carriers have plucked off some of Carolina's truckload business (10,000 pounds or more), but Younger says the company now hauls 55% of its tonnage (and generates 85% of its revenues) in much more profitable less-than-truckload lots.

Started in 1933 by now-Chairman C. Grier Beam with one used Chevrolet truck, Carolina Freight has

More expansion, more mileage, lower costs
"We're not going to overextend ourselves to expand."

sent any big tax increases.

The deregulation shakeout, for example, is already in progress and probably will continue. Johnson Motor Lines has already chosen to liquidate rather than to stick it out, while others, such as Time-DC and Spector Red Ball, went bankrupt. A recovery might not stave off more consolidation, says trucking analyst William Legg of Alex Brown & Sons: "This time the commercial bankers have been badly burned. In prior recessions, even if a company went bankrupt, it still had a fairly high value. Now there is a glut of terminals and equipment on the market, as well as operating rights that are now worthless. So I don't think the bankers are going to lend to carriers that have been on the edge of insolvency."

The big nationwide truckers—with efficient management, higher fuel efficiency from newer equipment, and discounts of 20% or more from rates that have gone up 35% since deregulation—have been gaining market share. They have been helped by a wage agreement with the Teamsters that limits increases to 5% a year through March 1985.

Some regional carriers, such as Preston Trucking and Carolina Freight *(see box)* may also do well. Both have managed to use the newly deregulated railroads to expand into distant markets without a lot of capital investment. But other middle-size companies are being squeezed. Once they thrived on truckload-size shipments. Now they are being elbowed out by smaller, nonunion companies for that easy-to-handle cargo—and by the discount rates of big truckers for less-than-truckload shipments of larger shippers. These LTL shipments, three times as profitable as full truckloads, have increased from 48% of major carriers' loads in 1979 to 53% now. Roadway already carries 98% LTL and others may go to 85%.

"You've got a barbell. A bunch of carriers are doing substantially better than the industry, there aren't many in the middle, and there's a big bunch doing very poorly," says trucking analyst William Legg.

Result: With entry into trucking now possible for anybody who can afford a truck and some insurance, and with 16,000 companies already in business, rates will remain relatively low and hundreds more companies may go under.

Can deregulation be slowed, or even rolled back? Despite grumbling by the trucking lobby and the Teamsters against the Interstate Commerce Commission, probably not. Says analyst Rollins Maxwell of E.F. Hutton, "Deregulation is here forever." Under the Motor Carrier Act of 1980, truckers got antitrust exemptions to make rates collectively until 1984. They're pushing for an extension but probably won't get it; both Senate Commerce Committee Chairman Robert Packwood (R–Ore.) and Senator Edward Kennedy (D–Mass.), the ranking minority member, are opposed. Gone forever are the days when a complaisant ICC passed fat Teamster contract costs on through to shippers. Then, the profitability of the industry looked like a bell curve. Now, says analyst Legg, "You've got a barbell. A bunch of carriers are doing substantially better than the industry, there aren't many in the middle, and there's a big bunch doing very poorly." ■

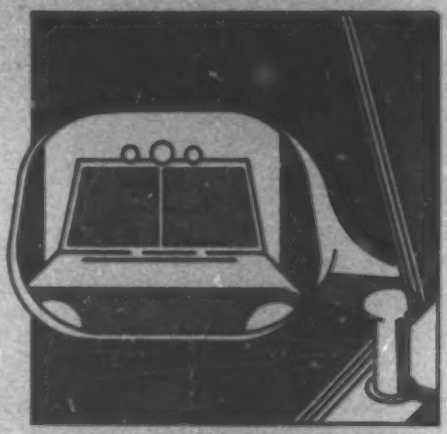
Truckers and shippers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity			Return on total capital				Sales		Earnings per share	
Company	5-year rank*	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Truckers												
IU International	1	23.1%†	9.7%	0.6	4	9.9%†	7.0%	1.6%	7	3.9%‡	3	17.1%‡
Consol Freightways	2	21.9	12.5	0.2	2	17.6	10.4	4.9	5	11.5	2	17.8
Roadway Services	3	21.0	18.1	0.0	1	19.9	17.7	6.5	2	13.8	4	12.8
Ryder System	4	20.8	16.5	1.1	5	9.6	8.7	4.0	1	20.0	1	30.2
Leaseway Transportation	9	13.2	12.5	1.0	3	10.3	8.3	3.1	4	12.1	5	10.9
Yellow Freight System	6	11.3	6.1	0.1	6	8.1	4.8	1.5	3	18.2	6	–4.3
ITEL		**	8.6	1.4		**	**	2.0	6	5.6‡‡	7	–21.0‡‡
Medians		**20.9**	**12.5**	**0.8**		**10.1**	**8.5**	**3.1**		**12.1**		**12.8**
Other surface transport												
Natomas	5	11.1%	9.0%	0.9	1	14.6%	9.8%	6.1%	1	31.4%	2	15.2%
Ogden	2	16.2	11.6	1.6	4	8.7	6.1	2.8	4	6.9	4	8.5
Transway Intl	1	34.9	30.7	0.2	2	21.4	9.1	2.7	5	6.0	7	6.5
Santa Fe Southern Pac	4	14.6	8.7	0.9	5	9.1	5.7	3.5	2	17.8	3	10.5
Greyhound	5	13.6	11.7	0.3	3	10.0	9.3	2.4	6	4.2	5	7.0
Alexander & Baldwin	6	13.5	11.1	0.5	4	9.6	8.1	10.5	7	4.0	6	5.2
Dillingham		**	8.3	0.3		**	7.0	1.8	3	15.4‡	1	28.3‡
Medians		14.1	10.7	0.5		9.8	7.6	2.8		6.9		8.5
Industry medians		18.3	10.5	0.7		10.9	7.1	3.9		11.8		10.7
All-industry medians		16.9	12.7	0.4		12.0	9.7	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
†Four-year average. ‡Four-year growth. ‡‡Three-year growth. **Not available; not ranked.

When sales finally come back, Detroit's profits leverage might be wondrous to behold. But that's scant comfort right now.



Autos and trucks

By Jerry Flint

"LOOK AT ALL THIS GOOD STUFF," complains General Motors Chairman Roger Smith. "It should be going like gangbusters."

Of course, it isn't—only 5 million cars were built in the U.S. last year, the lowest production in a quarter century. The automakers tried: rebates, low-interest loans, free airplane tickets. Nothing worked. As they sometimes say in Detroit, the dogs weren't eating the dog food.

Sometimes, though, just surviving is good enough. Five companies were building cars in the U.S. when the year started, and five—plus one—when it ended. They got tough in the fire of 1982. GM quadrupled its per-share earnings, Chrysler moved into the black, Ford halved its losses, the bulk of the great downsizing of cars and production capacity was finished and Lee Iacocca told the United Auto Workers to strike and be damned. You wonder what would happen if Detroit could just get back to 1930's production of 6.4 million. The four U.S. producers lost $4 billion that year. If they had that production this year, profits would skyrocket. "When the turnup comes—not *if* it comes—we'll be in," says Smith.

Another million cars? It isn't impossible. There are lots of old cars out there, 90 million or so more than three years old, better than 50 million past six years. Interest rates are dropping. Auto worker wages are frozen, and car prices have stabilized.

The Detroit products are beginning to look and run a little better, too. "When I joined Ford we were known for styling, but we stayed with the yuck too long," says Harold (Red) Poling, who runs Ford's North American operations. Detroit's stylists, put to shame by the Italians and Japanese, are finally getting away from the "box on wheels." New four-cylinder engines and turbochargers are beginning to change the turtle-like acceleration that characterized U.S. cars for years.

And Detroit can afford to get back to improving the vehicle now because the cascade of regulations from Washington has stopped. "We concentrated too much on regulations. We didn't focus on the key ingredients: performance, economy, good ride, handling," says Poling. There also is a plateau in the Japanese onslaught—a high plateau, to be sure—at around 25% of the market. Washington's pressure, not Detroit's product, did

Cheap doesn't sell

Back in the 1957-58 recession, Studebaker [remember Studebaker?] decided to bring out a car for hard times. "We stripped down the car, took off the trim, put in cloth seats, cut the price and called it the *Scrooman*," recalled a product planner. "What a disaster. We must have sold five." Moral: A car that says "cheap" doesn't sell, even in recessions.

For similar reasons, GM's sleek new Camaros and Firebirds, $15,000 loaded, doubled their sales last year despite the industry collapse. Volkswagen has added 16 extra horsepower to its failing Rabbit and come up with the GTI, a hare-raiser that goes from 0 to 60 miles per hour in 8.7 seconds, and then on up to 104. Chrysler has a sports coupe called the G-24 due this fall with a turbocharged engine—it will go 0 to 60 in maybe 7.6 seconds, top speed, 115. General Motors is promoting a plastic-bodied two-seater for fall. Both talk big volume, 100,000 or so. Ford is putting a turbocharger into its Thunderbird and souping up its Escort economy car.

Convertibles are in, too, led by Chrysler's LeBaron. Now Ford and GM are building them, too. "The industry is going to sell a hundred thousand a year, maybe for a couple of years," crows Chrysler's Lee Iacocca.

A long time ago, cars were supposed to be fast, flashy and fun. Maybe they will be again—some of them, anyway. Will that help? "Let's fool around with stuff we like to fool around with. That's the answer," says Iacocca. Especially when it sells.—J.F.

One of the new breed: Chrysler's G-24 sports coupe due this fall. "Let's fool around with stuff we like."

that—with "voluntary" quotas of 1.8 million Japanese imports a year.

The old competitive spirit lives, too. Lee Iacocca, Chrysler's chairman, will rip away at GM any time: "They got too many layers of management. They claim it's their great committee system, but Alfred Sloan is dead for a long time, and they're still doing it." The bean counters run the place, he says, and the people who know cars get no respect. Roger Smith thinks Iacocca's Chrysler cars are warmed-over soup. They both think Fords are jokes. It's the spirit that once made Detroit great.

Nor is there despair. "The growth curve changed, but it's not wiped out," insists Poling of Ford. "We'll average normal domestic [sales] for the rest of the decade," meaning 10 million car sales a year, including 8 million Detroit-type cars. GM's Smith is even more optimistic. "I don't have any trouble getting back to 14 million vehicles by '85-'86," he says.

Is it possible? A strong last half this year, industry sales of perhaps 6.5 million or 7 million U.S.-type cars, plus 2 million imports? There are plenty of 1983 earnings estimates around based on those assumptions: $8 a share for GM, $5 a share for Ford, $2 to $3 a share for Chrysler. But they all depend on the answer to the question that baffles Roger Smith: Why isn't the stuff going like gangbusters?

One reason is price. A decade ago a bottom-of-the-line Plymouth Duster cost $2,650. A bottom-of-the-line Plymouth Horizon today: about $6,500. The Duster was roomier, more comfortable, carried more load in a bigger trunk, ran faster and probably was safer than today's Horizon, whose only advantage is 30 miles to the gallon instead of 17. Detroit executives don't like to admit this. Ford's Poling says Detroit's new cars pass all types of regulations on safety and pollution as proof of improvement. But GM's Smith admits he's got $1,100 in each car "that the customer doesn't see much value in." He's talking about safety and antipollution features that have been mandated by Congress but are unpopular in the marketplace. You can't fault Detroit for that kind of overpricing, but you can fault it for the general feeling that the Japanese are still ahead in styling and electronics and their image of superior car quality, while Detroit insists its quality is comparable, the U.S. public, rightly or wrongly, seems to think otherwise.

Today's car is slower, less comfortable, with a smaller trunk than the model of ten years ago—and it costs 3½ times as much.

Those problems, plus the depth of the recession, make the survival of the industry downright impressive. In fact, while five companies were building cars in the U.S. on Jan. 1, 1982, there are six today: GM, Ford, Chrysler, American Motors-Renault, Volkswagen and Honda. In another year Nissan's truck plant in Tennessee will be running. Toyota may have to build in the U.S. if it expects to continue to operate in volume here, and Mitsubishi has a standing offer to pick up a couple of plants in St. Louis.

They will have to be tough, for Detroit is tougher, in deed, not just in word. GM's Roger Smith warned the UAW that unless it gave real labor concessions, GM would farm out the manufacturing of its smallest Chevette-size car. The union refused, and GM is ordering its new lines of small cars from the Japanese. Roger Smith isn't anti-union. He simply recognizes that he must get his costs down. No one's been tougher than Chrysler's Lee Iacocca. He has cut the white-collar force in half, from 40,000 to 20,000, dared the UAW to strike, and survived.

Survive. That is all anyone is doing in the auto business. But, under the circumstances, that's not bad. ■

Autos and trucks

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Subaru of America	1	63.6%	56.9%	0.2	1	59.9%	48.3%	4.0%	1	41.4%	1	71.9%
PACCAR	2	19.5	8.0	0.0	2	18.3	7.6	3.6	5	11.4	4	14.6
Hyster	3	17.2	3.2	0.2	3	14.4	3.3	2.3	7	10.4	2	17.7
Caterpillar Tractor	4	16.1	3.4	0.3	4	12.7	3.3	1.6	4	11.8	6	6.3
Signal Cos	5	14.9	8.3	0.4	5	11.4	7.1	2.7	2	16.2	3	16.1
Sperry	6	12.6	6.7	0.3	7	9.8	5.9	3.0	8	9.9	5	7.9
Deere	7	12.2	3.9	0.3	6	9.9	3.7	2.0	3	11.9	7	1.7
Fruehauf	8	8.7	def	0.7	9	6.7	0.6	def	6	11.2	8	–1.2
General Motors	9	8.4	5.1	0.3	8	7.9	4.5	1.5	9	8.7	9	–8.9
Clark Equipment	10	4.7	def	0.2	10	4.2	def	def	15	2.2	10	–18.1
Allis-Chalmers	11	1.6	def	0.4	11	3.6	def	def	11	6.6	11	–23.7
Ford Motor	12	def	def	0.3	12	0.4	def	def	10	7.7	12	P–D
Intl Harvester	13	def	def	1.4	13	def	def	def	12	5.6	12	P–D
American Motors	14	def	def	1.0	15	def	def	def	13	5.0	12	P–D
Chrysler	15	def	NE	2.5	16	def	9.2	1.0	16	–3.3	12	P–D
Massey-Ferguson	16	def	def	2.6	14	def	def	def	14	4.1	12	P–D
Industry medians		8.6	def	0.3		7.3	3.3	1.3		9.3		–6.1
All-industry medians		15.9	12.7	0.6		11.0	8.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
P-D: profit to deficit. def: deficit. NE: negative equity.

Every silver lining will have its cloud as long as the deregulation pot keeps bubbling away. So why do executives like TWA's CEO say, "Deregulation has been good for us"?

Airlines

By Howard Banks

HERE'S AN INTERESTING projection: By next fall, the world's international airlines should, in theory, collectively go bankrupt. By then, accumulated losses of around $9 billion since 1979 will push the industry's total debt higher than its $22 billion net worth, according to Knut Hammarskjöld, secretary general of the International Air Transport Association.

Of course, IATA, a most purposeful cartel, doesn't intend to let that happen *(see box, p. 174)* and neither will the governments, which own most international airlines. But the U.S. airline market is not a cartel—ever since deregulation, in fact, it has been the polar opposite. And last year major, or trunk, U.S. airlines ran up record operating losses of $525 million, pushing their total losses since 1980 well over $1 billion. So you have to look pretty hard to see why there should be any optimism at all.

True, an economic recovery would be a distinct bright spot. It ought to produce, perhaps, a 5% to 6% increase in traffic—up from 3% to 4% in 1982. There is a great deal of overcapacity, even with the demise of Braniff International, and the airlines continue to pile it on. Capacity rose 7% in the first nine months of 1982, twice as fast as traffic. But even this small traffic increase would have a dramatic effect on profitability. Why? Because an airliner is like a movie theater—once filled to break-even point, the ticket price for each additional seat sold goes almost entirely to the bottom line.

Add to that the effect of decreasing

Airlines

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Federal Express	1	36.2%†	24.6%	0.6	2	23.3%†	16.0%	9.5%	1	53.8%	1	62.9%‡
Emery Air Freight	2	29.6	14.3	1.6	1	26.8	6.1	1.9	9	16.1	7	6.1
Piedmont Aviation	3	23.7	21.5	1.3	5	10.9	11.3	5.1	5	22.9	5	16.8
U S Air	4	23.5	16.9	0.8	4	12.1	9.9	4.8	7	18.2	2	39.9
Frontier Holdings	5	22.8	18.4	0.5	3	14.7	12.3	5.5	6	20.9	4	20.3
Delta Air Lines	6	13.3	def	0.8	7	7.8	def	def	8	16.1	6	6.5
Tiger International	7	4.6	def	3.2	8	5.0	1.1	def	4	26.3	9	-14.3
Northwest Airlines	8	4.0	0.5	0.1	12	3.0	0.7	0.2	14	12.4	8	-12.5
Trans World	9	2.8	def	1.8	10	4.0	1.6	def	17	12.0	3	24.4
UAL	10	2.6	def	1.0	15	2.3	def	def	16	12.2	10	-19.2
AMR	11	1.3	def	1.7	11	3.1	0.5	def	12	14.6	11	-45.2
Pan Am World Airways	12	0.2	def	1.6	14	2.4	def	def	10	14.9	15	D-D
Eastern Air Lines	13	def	def	3.8	13	2.7	def	def	13	14.3	15	D-D
Western Air Lines	14	def	def	3.3	16	1.2	def	def	15	12.3	12	P-D
Republic Airlines	15	def	def	7.5	9	4.5	def	def	3	41.0	12	P-D
Texas Air	16	def	def	7.5	6	7.9	def	def	2	42.2	15	D-D
Braniff Intl	17	def	def	NE	17	def	def	def	11	14.8	12	P-D
Industry medians		2.8	def	1.6		4.5	0.5	def		16.1		-14.3
All industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
†Four-year average. ‡Four-year growth. P-D: profit to deficit. D-D: deficit to deficit. NE: negative equity. def: deficit.

fuel prices—down about 10 cents a gallon at the end of 1982 from the year before—and the relatively tractable mood of airline unions thus far, and it means that with any kind of stability in the market and rational restraint by the airlines, the trunks' bloodletting could end.

Stability and restraint? Unfortunately, they are far from foregone conclusions. All it takes is one new carrier's invasion of another's market—as Eastern did to United and TWA on the transcontinental routes, and New York Air did to Eastern on the Northeast Corridor in 1981—to throw all the economics into a cocked hat. "The problem is that when a new carrier comes in and you allow them a price differential, they take the market away," explains C.E. Meyer, president of Trans World. "You either have to meet their price or get out." This, of course, is most difficult for a high-cost carrier paying high-price union labor—like TWA—facing a newcomer with low costs and minimum staff—like Midway Airlines.

Thus, the industry has not exactly greeted with elation California-based PSA's attempts to rescue part of Braniff. If PSA succeeds in achieving a Braniff resurrection, it could lead to a resumption of the fare war at Dallas-Ft. Worth, which would hurt American badly. And, as consultant Mike Derchin of First Boston points out, rate-cutting has already escalated to the point where "a fare war over one major airport hub now spills over to other hubs—Atlanta, Denver, St. Louis—and then on out through the airline system."

The trunks can ill afford to let this escalation continue. In 1977, the last full year before deregulation, four of the nation's ten most profitable lines were major trunks. In 1982 there was not one on the list—not even Delta, which lost money in both the second and third quarters of 1982. (Delta's employees took up a collection to try to raise the $30 million needed for one of the new Boeing 767s the airline had on order—out of gratitude for the company's policy of no layoffs even in bad times.)

With Delta fallen from grace, the stars these days are exclusively smaller lines. The star of stars: Texas-based Southwest, which has had the industry's highest operating profit margin, an average 22%, and the highest average annual revenue growth, 53%, over the last five years. An example of its tight management is its fast turnarounds at airports. Airline industry executives at a recent gathering, called to bewail their problems, watched with amazement as a Southwest Boeing 737 pulled into an airport gate, disgorged its passengers, loaded up a new group and pushed back out from the gate in just ten minutes. That's about half the time that most airlines would consider a good performance.

Most of the reasons smaller carriers have done better are obvious: non-union labor, two-man crews in the cockpits, smaller aircraft, better suited to shorter-haul routes, less of the complacency ingrained in the trunks from decades of passing cost increases through a friendly CAB.

Yet there is one other reason that has turned into an object lesson for all airline managements learning to live in a more competitive world: People behave rationally when spending their own money. At the same time that the cost of driving a car over 200 miles increased, the new competition among airlines was driving down the cost of short-haul air travel. So Americans switched from cars to regional airlines.

All in all, then, it may seem a bit surprising that not one of the major trunks will say that deregulation should be reversed. Why? Because they stand to benefit, too—someday. For example, United, the nation's largest carrier, has created its own lower-cost, short-haul operation, Friendship Express, and is cutting fares wildly on routes to Hawaii. It is well poised for substantial profits gains when there is an uptick in traffic. But it could not have made those adjustments without deregulation.

As TWA's Meyer says: "Deregulation has been good for us. We could not have reformed ourselves without it." TWA had not had a major new route award from the CAB for the 20 years preceding deregulation. Now, says Meyer, TWA has been able to create a hub-and-spoke system at St. Louis and one linking its domestic and international routes in New York. "We are now an entirely different airline from 1978," says he.

But will it take another Braniff debacle or two before the survivors

Life after Laker

The U.S. airline market may be a competitive maelstrom, but along the international airways, true competition is called "malpractice"—the term applied to rate-cutting by the International Air Transport Association (IATA) and the 120 international airlines (including Pan Am and TWA) that belong to it.

Not that international airlines never cut fares. Many have—especially IATA's nemesis, Freddie Laker. Even now, when Sir Freddie is bankrupt and out of action, British Airways, for one, continues to offer discounts. The difference is that while the deregulated U.S. industry considers this normal, IATA—in purpose and effect an international cartel—regards it as a mortal sin. At IATA's annual meeting in Geneva at the end of October, for example, the Dutch airline, KLM, led an unsuccessful effort backed by smaller airlines and those from the Third World to apply sanctions for fare-cutting. Members also had to be reminded by Knut Hammarskjöld that they were not legally allowed to discuss capacity controls.

Laker may be down, but he refuses to stay out. In a lawsuit in U.S. District Court in Washington, D.C., he alleges that six airlines—BA, TWA, Pan Am, British Caledonian, Lufthansa and Swissair—IATA members all, ganged up to run Laker Airways out of business. Meanwhile, the North Atlantic air market is already reverting to the pattern it had before Laker's Skytrain began service in 1977. Cheap charter flights still take only a small share of the total market, but they were up 25% in the summer of 1982 over the year before. Where there's a will there's a way—cartels notwithstanding.—H.B.

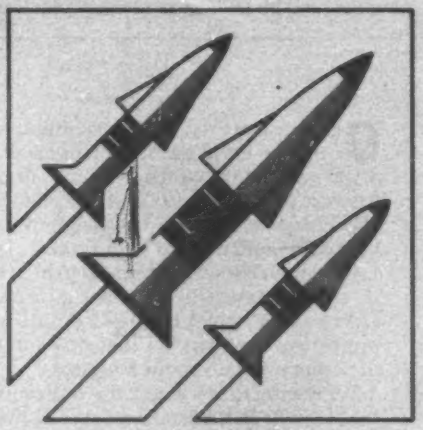
Pan American 747 jumbo jet
Back to the old days?

among the trunks can start reaping the benefits? It's hard to say. In the deregulated airlines industry, every silver lining seems to have its cloud. Consider yet one more: the growing power of travel agents.

Ten years ago they accounted for $3.6 billion of domestic ticket sales; last year it was $22 billion, or 60%. There was a time when smaller airlines, especially, didn't care what the travel agents thought of them. No longer. Now, trunk lines led by United are already actively wooing agents with higher commissions.

What that amounts to is a kind of rate war in reverse, and one that—like all the other traumas of the wonderful world of free competition—will ultimately have its effect on profitability. ■

Which contractors will fare best in the struggles to pare down the defense budget? One answer: those on the side of the U.S. Navy.



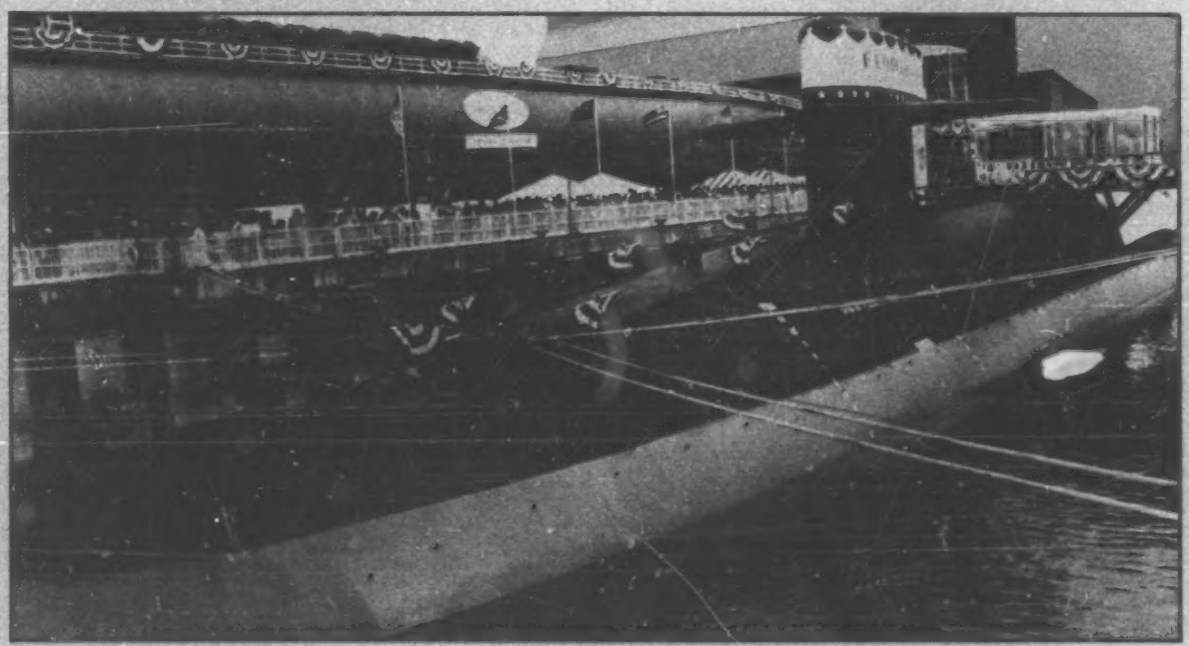
Aerospace and defense

By Howard Banks

BY THE END OF THIS decade the traditional roles of the Air Force and the Navy could be reversed," says John Simon, aerospace analyst with Amdec Securities. The Navy's Trident 2 missiles, he says, could be the principal U.S. nuclear deterrent, while the Air Force's main role would be to protect the sea lanes. Adds another expert, consultant William Perry, a former under secretary of defense in the Carter Administration: "I think we'll continue to have a diversity of weapon systems, but the one we'll lean on most will be the submarine."

Why? Because the Trident is based on proven technology, and—more important—it requires no land bases and so is free of the controversy that surrounds the MX.

To see which aerospace contractors could also come out best, look at which are the Navy's. You can see the ascendancy of the Navy, for example,



U.S. Navy's Trident nuclear submarine armed with Trident missiles
Watchword for the Eighties: Go Navy.

in the history of Grumman Aircraft, the Bethpage, N.Y. company that has had only one string to its bow for years: the F-14 fighter. But that is important enough so that the Navy even used its influence with the Justice Department to help Grumman stave off a takeover bid by LTV in 1981, and then ordered more F-14s.

But it is to giants like General Dynamics and Lockheed that Navy contracts mean the most. General Dynamics, for example, is the prime contractor for the Trident submarine itself, while Lockheed makes the missiles. As now planned, the $4.8 billion missile is a downsized version that will also fit the Poseidon submarine. But the Reagan Administration has decided to go ahead with larger Trident 2. The cost of the Trident system has been kept in bounds by what Robert Thurman, chairman and president of Lockheed Missiles and Space Co., describes as "a thoughtful use of new technology, rather than rushing in. You might even say that the program lagged, but it avoided the growing

Waiting for Godot

Over the next ten years, according to Boeing Aircraft Co., the world's airlines will have to buy more than 3,500 new planes worth around $119 billion. Yet in the first six months of 1982, after deducting cancellations and delays on orders, the net new orders for all the aircraftmakers in the world totaled eight.

Few industries have been as hard hit by the recession as airlines *(see p. 172)*, and the industry rule is that airlines won't order in quantity until after five quarters of healthy earnings. So that demand for new airliners may remain pent-up for a while.

For Boeing itself, which has built more than half of all the airliners in the world today, 1982 was the worst year since 1974, and the bust came on the heels of an amazing boom in 1978-80. Now Boeing's total backlog of orders is almost down to where they stood just before that boom began—and the company is carrying the heavy $2.5 billion development costs of its new 757 and 767 jets.

If Boeing is hurting, others are bleeding. Last August McDonnell Douglas had just 24 orders for airliners outstanding, the worst position in its history. In desperation it began offering no-cost leases to the airlines. Now, largely at its own expense and at sizable risk to future profitability, McDonnell Douglas has enough work to keep its airliner plant at Long Beach, Calif. going until late 1984 *(see* FORBES, *Dec. 20, 1982)*.

This aggressive action has had the effect of forestalling all projections about an all-new, 150-seat airliner, by mopping up the available demand. Boeing will hardly mind—the simultaneous launch of the 757 and 767 is enough, in fact, Boeing may have to borrow $1.25 billion to fund the programs until sales get under way.

But the European consortium, Airbus Industrie, will mind very much indeed. The Europeans have done well with sales of the existing larger Airbus, partly because it has sold mostly outside the U.S., and the airlines in the rest of the world are government-funded and so less at the mercy of their balance sheets.

But now Airbus needs a new program to keep its design and marketing team together and has been relying on the 150-seater airliner to fill the bill. There is considerable political pressure to make work, especially from the French government, one of Airbus' three main partners.

No airline, however, is willing to buy an all-new airframe, however modern, unless it has an all-new engine to go with it, to get the best fuel efficiency possible. And until it is much clearer that the airlines are going to order in a big way, enginemakers like Pratt & Whitney and General Electric are not prepared to commit themselves. And the more airlines that as a result turn to an interim solution and order McDonnell Douglas' DC-9-80 [at best, ten-year-old technology] or Boeing's 737, the longer it will be before the enginemakers will decide to invest up to $1 billion developing a new engine. Sooner or later . . . but when?—H.B.

Aerospace and defense

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Todd Shipyards	1	37.3%	27.4%	0.3	4	18.3%	17.5%	4.3%	4	21.9%		D-P
Computer Sciences	2	28.7	16.8	0.5	6	16.5	12.8	3.1	5	20.6	5	22.3%
Fairchild Industries	3	26.8	8.0	0.3	3	19.2	5.2	2.7	1	27.8	2	50.4
Boeing	4	24.9	11.2	0.1	2	21.2	8.3	3.3	6	17.4	3	35.2
Raytheon	5	24.4	21.3	0.0	1	23.0	20.7	5.8	9	16.1	7	22.1
Lear Siegler	6	24.2	17.0	0.4	11	15.0	12.9	4.7	13	14.4	6	22.2
Sundstrand	7	22.1	17.1	0.3	10	15.0	13.0	7.9	17	11.9	8	19.5
Wyman-Gordon	8	21.8	24.6	0.1	5	17.9	21.3	12.2	10	15.8	9	18.6
Rohr Industries	9	20.8	18.9	0.9	24	9.6	12.1	3.3	27	3.5		D-P
Lockheed	10	19.7	128.6	5.4	25	8.7	31.3	3.3	21	9.1	23	P-D

Note: Explanation of Yardsticks calculations on page 50.
P-D: profit to deficit. D-P: deficit to profit; not ranked.

pains of many new programs."

In addition to the Trident contracts, both companies have a good spread of other military work. General Dynamics, which gets 76% of its profits from the military, makes the Air Force F-16 fighter, the standard by which all other fighters in the world are now judged. The F-16 will probably be in production until the end of the century. For the Army, GD is prime contractor on the M-1 tank, a proposed $19.5 billion program. The company makes a land-based Cruise missile for the Air Force and shares the Tomahawk Navy Cruise missile program with McDonnell Douglas.

And Lockheed, which is dropping its civil airline business to concentrate on military work (it started making airliners again only in the 1960s as a hedge against the cycles in defense spending), appears to have lobbied successfully in Washington for the C-5 Galaxy transport, even though McDonnell Douglas won the initial design contest.

Who's at risk in the ascendancy of the Navy? It now appears to be Martin Marietta and Rockwell. Martin Marietta is the prime contractor for both the MX and Pershing II missiles. If either goes through, MM's fortune in the 1980s will be made, but in both cases that's a big if: The MX development is proceeding, but its longterm future is clouded and controversial. Early tests of the Pershing II also turned up problems that may be expensive to fix. Almost alone among defense contractors, Marietta's aerospace business contributes a smaller proportion to its total profits than to total sales.

"The Trident program shows a thoughtful use of new technology," says Lockheed's Thurman, keeping costs in check. Rather than rushing in, "You might say that the program has lagged, but it avoided the growing pains of many new programs."

And Rockwell? It is scheduled to build the revived B-1B bomber, a slower version of the B1 that Jimmy Carter canceled in 1977. In a future where the Trident is the main U.S. deterrent, the B-1B could be assigned to protect the sea lanes, carrying 22 Cruise missiles as standoff weapons against marauding ships or submarines. (The Russians plan to use their Backfire bomber in the same way, says Perry.) But at best, the B-1B is seen as an interim step between the aging Boeing B-52 and the radar-transparent Stealth bomber of the 1990s. Thus its useful life depends on the pace of Stealth technology.

What about smaller military suppliers—companies like Raytheon (missiles and electronics), Sundstrand (jet engine parts) and Wyman-Gordon Co. (heavy structural forgings)? Overall, the Reagan military buildup means good business for them, no matter who is ahead in the interservice rivalry, especially since they deal with the big contractors at a step removed from the military itself. The semiconductor industry also stands to gain. Microelectronic chips are now being added to almost everything but the infantryman's carbine. And companies like Texas Instruments, Intel and IBM are beneficiaries of the Defense Department's research program to put a high-speed microcomputer onto a single chip. Known as the Very High Speed Integrated Circuit program (VHSIC), it will account for at least $600 million in development work and pay off important benefits in the chipmakers' commercial business. ■

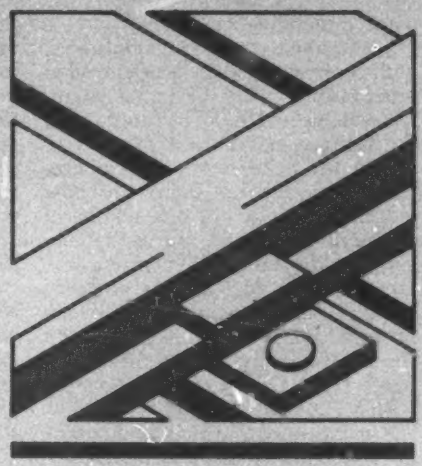
Aerospace and defense

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Morton Thiokol	11	19.3%	33.4%	0.2	13	14.8%	27.1%	16.9%	20	8.9%	4	27.5%
Bendix	12	19.1	9.0	0.3	12	14.9	7.9	3.2	22	7.9	10	17.1
Gates Learjet	13	18.6	10.1	0.2	7	16.0	10.3	2.0	2	22.2	15	10.9
Martin Marietta	14	17.7	11.5	0.2	15	12.9	6.7	3.9	7	16.8	11	16.1
Northrop	14	17.7	2.0	0.0	9	15.5	2.0	0.4	18	11.7	13	12.7
Rockwell Intl	14	17.7	17.4	0.1	14	13.6	14.5	4.5	23	7.1	12	13.8
Bangor Punta	17	17.1	1.1	0.6	21	9.8	2.7	0.5	8	16.3	1	82.3
United Technologies	18	16.7	13.3	0.3	16	12.7	10.0	3.0	3	22.1	16	10.4
Pneumo	19	16.7	21.3	1.0	19	11.1	12.7	2.0	11	15.5	14	11.4
E-Systems	20	16.4	19.4	0.2	6	16.7	18.1	4.5	16	14.0	17	9.7
Cessna Aircraft	21	14.4	5.2	0.1	18	12.3	4.9	2.2	15	13.9	21	6.4
General Dynamics	22	12.8	9.2	0.0	23	9.7	7.0	1.8	12	15.1	20	7.8
Textron	23	12.7	8.2	0.2	20	10.7	7.4	3.3	24	6.7	22	3.9
Sperry	24	12.6	6.7	0.3	21	9.8	5.9	3.0	19	9.9	19	7.9
McDonnell Douglas	25	12.5	11.2	0.1	17	12.4	11.0	2.5	16	13.1	18	9.0
Grumman	26	8.4	9.3	0.8	26	8.0	7.3	1.6	25	5.7	24	–8.6
Genl Tire & Rubber	27	8.1	3.3	0.2	27	6.7	3.4	1.6	26	4.1	23	–2.5
Singer	28	0.5	def	0.8	28	3.2	0.3	def	28	2.8	26	D–D
Industry medians		17.7	11.4	0.3		13.3	10.2	3.2		14.0		12.1
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
D–D: deficit to deficit. def: deficit.

Are railroads immune from the tortuous adjustments to deregulation that airlines and trucking are going through? No, says former Norfolk & Western Chairman John Fishwick.



Railroads

By Jeff Blyskal

EVERY INDUSTRY deregulated so far has gone through a traumatic and sometimes chaotic adjustment. Now that railroads are free to set their own rates, drop unprofitable routes and work out big mergers, will they escape some of the jolts airlines and trucking have taken?

Wall Street must think so. Rails are riding high. While the Dow industrials were up 22% in the post-August bull market, rail issues rose 41%—even though 1982 earnings were off considerably. One reason was the recession, of course. But another reason was disguised by the recession: intense price-cutting among the railroads and between them and their longtime competitors, long-haul truckers. "Rails have been cutting into their bone and marrow on prices," says Phil Yeager, president of Hub City, Inc., the nation's largest shipping agent.

What's down the tracks for the deregulated rails? To find out, FORBES sat down with John Fishwick, former chairman of the Norfolk & Western and a respected railroad man for more than three and a half decades. Fishwick retired in 1981 after working out the basic details of the N&W-Southern Railway merger that formed the 21,000-mile, $3.6 billion (revenues) Norfolk Southern last June.

Today, at 66, he is a partner with the Washington law firm of Windels, Marx, Davies and Ives—"I wanted to prove I could do something other than run a railroad," he says. FORBES met with him recently at his Pennsylvania Avenue office just across from the Executive Office Building.

There is a lot of talk these days about a renaissance of the rails. Is there a smooth track ahead for the railroads now that Washington is off their back?

Fishwick: There's no reason to think the railroads won't suffer the same pain of deregulation that the airline and trucking industries are suffering now. And over the next couple of years, you'll see a swing in the fortunes of those railroads adversely affected. Frankly, it amazes me that Wall Street hasn't been more concerned. Every other industry that has gone through deregulation has had an adjustment period harmful to some of its members. Why not the railroads?

What adjustment problems do you see? The current rate wars, for example?

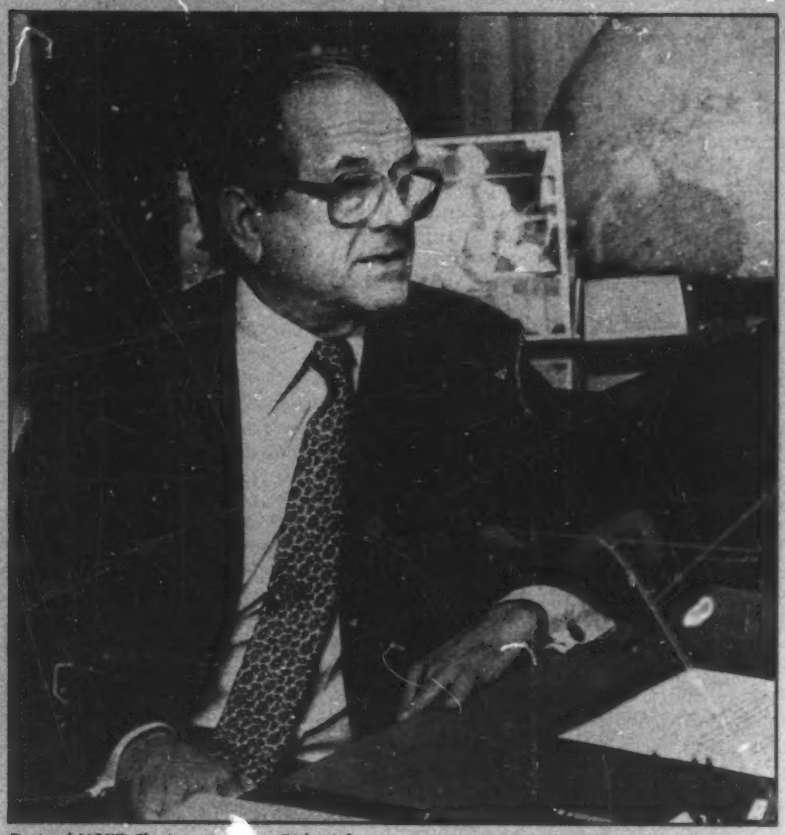
Fishwick: It's unfortunate deregulation

Railroads

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Chic & North Western	1	22.5%	def	1.1	6	7.2%	1.7%	def	6	11.1%	5	12.4%
Missouri Pacific	2	22.3	16.5%	0.8	1	11.2	9.2	7.0%	5	13.2	4	13.7
Norfolk Southern	3	15.9†	14.8	0.3	2	9.7†	9.3	13.5	8	10.5‡	2	19.8‡
Union Pacific	4	14.3	12.0	0.4	3	9.2	7.2	6.3	1	21.4	3	16.8
Santa Fe Industries	5	11.0	8.6	0.3	4	7.6	5.9	6.6	4	13.9	6	11.2
IC Industries	6	9.9	5.4	0.6	8	6.3	4.5	1.9	2	19.6	8	8.4
Burlington Northern	7	9.7	10.4	0.5	7	7.0	7.7	6.5	3	17.5	1	20.0
CSX	8	9.6	9.5	0.5	5	7.3††	6.6	5.7	7	10.6	7	9.3
Southern Pacific	9	7.2	5.5	0.5	9	5.3	4.7	4.0	9	9.8	9	7.4
Industry medians		11.0	9.5	0.5		7.3	6.6	6.3		13.2		12.4
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
†Four-year average. ††Three-year average. ‡Four-year growth. def: deficit.



Retired N&W Chairman [illegible] Fishwick
Despite Wall Street op[illegible] challenging times for big railroads.

"The Eighties will be interesting. If the railroads are managed properly and efficiently, and if they develop good cost controls, their future will be very bright. It could be a new era. But success won't be automatic. Short term, there will be some serious mistakes."

had to come during hard times. You get more cutthroat competition then. Yes, as with the current rate wars. That never happened before. The railroads—especially Conrail—have to realize they are a system whose parts should work together. For example, a shipper shipping between St. Louis and New York City can use the Norfolk Southern to Buffalo, then switch to Conrail, or ship Conrail all the way from St. Louis through Buffalo to New York. Since only Conrail goes from Buffalo to New York, it can charge whatever the traffic will bear. That in turn gives Conrail the leverage to be more competitive on the St. Louis-Buffalo part of the run, undercutting the NS. Conrail has said, "We're not going to get together with anybody on rates." Luckily, the bigger railroads can play tit for tat. But a smaller railroad may not have a tat.

What can small railroads do?
Fishwick: If I were the chairman of a smaller railroad, I would try to get it into the best shape possible and then be open to merger talks. If you don't get in early, you might not be able to maintain the economies, and in ten years you probably wouldn't be worth very much.

Last time we spoke, you mentioned a coming second wave of mergers. Could you explain?
Fishwick: Before long you'll see efforts to establish a transcontinental railroad system. The benefits of having four, five or six very large systems will be enormous. In a single transcontinental system you wouldn't need the interchanges that you now do across the country. That would cut costs, speed up trains, and allow for longer trains; and you wouldn't have to maintain as many repair points.

Do you wish you could be starting your career again today? Is this the best of times to be running a railroad?
Fishwick: This is probably the most exciting time to be running a railroad. The Eighties will be an interesting decade. If the railroads are managed properly and efficiently, and if they develop good cost controls, their future will be very bright. It could be a new era. But success will certainly not be automatic. In the short term there will be some serious mistakes.

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What kinds of mistakes?
Fisbwick: One scenario is already being played out. The railroads made a big error by buying too many boxcars. Everyone said the boxcar was obsolete, but the railroads didn't believe it. Now that's pretty much accepted, and there is an enormous investment in boxcars sitting all over the country, many of which will never be used.

Is intermodal, or piggyback, service the answer to the inefficiencies of the boxcar?
Fisbwick: The industry is very efficient in moving bulk commodities between distant points. And that's what piggyback has done—changed boxcar freight from a nonbulk into a bulk commodity. But it's still not efficient with the equipment the railroads have. They've had to provide the service to keep from losing business to truckers, but it's a relatively high-cost operation to put a train in dedicated service, and I doubt most piggyback is currently profitable. They have to develop new technology to make it more profitable.

More railroads are diversifying into related, nontransportation areas—something you support. Does that mean you believe a railroad can't make it on its own?
Fisbwick: No. The advantage of a company that is in coal, oil, telecommunications and whatever, and also in railroads, is that the railroad will be in competition for capital that goes where it can get the highest return. That will keep the railroad people on their toes to come up with the maximum investment performance.

You seem to be saying that deregulation and the concurrent adjustments railroads are making, and will have to make, are good, but that there are no guarantees. Would you say the key in all this will be smart management?
Fisbwick: If railroads make investments that are based on their advantages and don't consider themselves to be a monopoly, I think that they can be very profitable. There is more opportunity for success, but also more risk. The next few years are going to be unusually challenging for the management of these [big] railroads because they're going to have to be the first to go into this new economic environment. It's like leaving a warm house and going out into the cold. ■

Loading a Burlington Northern boxcar
Boxcars are obsolete: piggyback, expensive.

Will consumers buy the economy out of a recession? Ultimately, maybe, but don't look for a wild spending spree just yet. Declining employment and soaring medical costs are still squeezing the middle class.

Household goods

By Peter Kadzis

LAST YEAR'S long-awaited pickup in consumer spending proved to be as elusive as the economic recovery it was supposed to herald. Will this year be any different? To find out, FORBES asked economist Jay Levine, who spent 21 years at Sears, Roebuck, ending his career there as chief corporate economist. He is now a private consultant to household goods suppliers and retailers. Between 1975 and 1976 he served as an occasional adviser to Treasury Secretary William Simon.

Economists tell us that consumers are gaining more real buying power as costs for unavoidable expenses such as food and energy ease. If this is the case, why are consumers taking so long to lead us out of the recession? Could it be that there is a limit to how much consumers can actually consume?

Levine: There are a number of factors squeezing consumer spending, but that's not one of them. The real culprits are declining employment, higher savings rates and growing medical care expenditures. Together these have more than offset lower food, housing and energy costs. Spending for medical care is particularly troublesome. Last year it increased 13.2%, or about $24 billion, mostly as a result of higher prices for hospitals and doctors. By the way, I'm talking about out-of-pocket expenses that are not covered by insurance.

How much of an actual threat do you think this increase in uninsured medical costs pose to the economy?

Levine: It's much more serious than most people think. Over $200 billion per year is now being allocated to medical care services. That's 9.1% of total income, vs. just 6.3% a decade ago. This 2.8% increase means that some $60 billion more of today's income has been diverted from the purchase of general household merchandise and other discretionary items, such as travel and education. Think of it: a $60 billion drain on consumer spending. No wonder the economy is so sluggish. Sixty billion dollars would buy a lot of washing machines and sofas.

Is uncertainty about the future of Social Security putting a crimp in consumer spending?

Household goods

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Appliances												
Maytag	1	23.3%	18.3%	0.0	1	22.2%	17.2%	8.6%	5	7.9%	6	5.2%
General Electric	2	20.4	19.2	0.1	2	18.2	17.7	6.6	4	11.1	2	12.3
Whirlpool	3	16.7	14.9	0.1	3	15.1	14.0	5.3	7	6.4	5	9.3
Allegheny Intl	4	13.7	6.1	0.5	7	8.4	6.2	2.3	2	13.9	4	10.0
White Consolidated	5	13.5	5.2	0.5	5	9.1	5.1	1.5	3	11.5	7	1.6
Sm. '[illegible]	6	11.2	9.6	0.7	4	9.2	8.5	2.9	8	6.3	1	18.3
Mag. Chef	7	9.7	4.9	0.6	6	8.7	5.5	1.4	1	18.3	3	11.1
Hoover	8	6.8	def	0.1	9	3.7	def	def	9	5.8	8	-3.4
Zenith Radio	9	5.9	def	0.5	8	5.7	0.9	def	9	4.0	9	-8.5
Singer	10	0.5	def	0.8	10	3.3	0.3	def	10	2.8	10	D–D
Medians		12.4	5.7	0.5		8.9	5.9	1.9		7.4		7.2

Note: Explanation of Yardsticks calculations on page 50.
D–D: deficit to deficit. def: deficit.

Levine: Of course. Until Congress does resolve the issue of the retirement program's solvency, many older workers will continue to spend frugally.

How long will it take for the decline in housing costs to be reflected in increased sales of household goods?

Levine: Unfortunately, the drop in mortgage rates really hasn't benefited most homeowners yet. Those burdened with previously contracted high rates are obviously still pinched. A sustained decline of mortgage rates will eventually help these households when they adjust or renegotiate variable or fixed rates. In the meantime, lower current mortgage rates are sparking some increased home sales. This should generate more construction jobs next spring, as well as increased demand for home furnishings and appliances. Any increase in home turnovers will also increase realized capital gains on the sales of homes. These capital gains, of course, are a result of inflation.

What makes you so sure the economy will pick up later this year? After all, didn't employment rates drop in September and October, suggesting that the economy is actually getting worse?

Levine: Perversely enough, a decline in employment historically signals the final stages of a recession. This kind of dip in employment actually precedes an upturn. And for a simple reason. Businesses that hadn't done so earlier are now lowering break-even points with a vengeance by continuing to lay off greater numbers of employees. They are also closing less efficient plants and are postponing new capital projects.

If you accept the premise that the economy has been in more or less of a recession since 1978, then weren't these measures postponed for too long?

Levine: I don't know if you have to accept that premise, but the belt-tightening was put off for too long. It only seriously got underway when consumer spending failed to pick up after the July tax cut. You could call it the disappointing nonrecovery. Anyway, this shakedown has good and bad aspects. It is good in the sense that the elimination of excess labor overhead will ultimately give an extra boost to productivity and profitability when economic activity returns. But it's bad because still-declining employment and still-declining wage and salary income mean that a solid upturn in consumer spending is still at least a few months off, and some real hard-pressed businesses may not be able to last that long.

It sounds like you're trying to hedge your analysis.

Levine: No. There are benefits and there are costs, and you must recognize the importance of each of them. It is important to know that wage and salary income now constitutes about 60% of total personal income and is much more vital to purchases of consumer goods, except food, than any other source—certainly more important than interest or dividends, which are merely saved, or transfer payments, which are spent on services—medical, housing and food. It's wages and salaries that buy household goods. So when you consider that wages are not rising and when you realize that industrial layoffs make people nervous, you begin to understand why consumer spending just hasn't lifted off yet. When spending does pick up, business won't rehire all those who were laid off, so income won't rise as sharply as in previous recoveries. That's why we will see only a modest recovery. But at this stage in the game, even that would be a welcome relief. ■

Household goods

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Housewares, furnishings												
Stanley Works	1	15.1%	9.9%	0.2	1	12.6%	8.8%	3.9%	3	11.6%	1	12.5%
Insilco	2	14.9	7.5	0.4	3	9.7	6.1	2.6	6	10.7	3	8.0
Black & Decker	3	10.8	def	0.4	2	10.0	def	def	2	13.5	4	3.4
Roper Corp	4	9.7	4.8	0.6	5	7.3	5.0	1.1	5	4.8	2	11.5
Toro	5	5.4	def	0.8	4	8.1	0.4	def	1	16.5	6	–13.0
Mohasco	6	4.3	3.4	0.4	6	4.6	4.0	1.3	4	8.8	5	–6.9
Talley Industries	7	def	def	0.8	7	0.3	def	def	7	0.6	7	P–D
Medians		9.7	3.4	0.4		8.1	4.8	1.1		10.7		2.4
Housekeeping products												
American Home Products	1	23.5%	23.9%	0.0	1	23.5%	23.6%	12.2%	4	10.9%	1	12.4%
Procter & Gamble	2	19.6	20.2	0.2	2	15.3	15.5	5.7	2	12.5	2	12.0
Clorox	3	17.9	18.1	0.4	3	14.8	15.0	5.5	6	8.3	5	7.9
Economics Laboratory	4	17.2	16.5	0.3	4	13.2	11.5	4.9	1	13.9	3	11.4
Colgate-Palmolive	5	14.7	16.0	0.3	5	12.4	13.3	4.1	5	10.1	6	6.1
Scott Paper	6	11.8	9.0	0.4	6	8.9	7.1	5.1	3	11.1	4	10.9
Medians		17.4	17.2	0.3		14.1	14.1	5.3		11.0		11.2
Industry medians		13.5	7.5	0.4		9.2	6.2	2.3		10.7		6.0
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.6		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
P–D: profit to deficit. def: deficit.

Why are Americans eating less beef? Lifestyle has something to do with it; economics, more.

Food processors

By William Harris

VEGETARIANISM IS NOT exactly ravaging the U.S., but something is going on: Americans are eating less and less meat—especially beef. Beef is a $40 billion industry at retail, but per capita beef consumption has dropped from 99.4 pounds in 1976 to 77.2 last year and is expected to shrink even further in 1983.

Why? Lifestyle plays a part—beef is full of fat and cholesterol, which turns off health-conscious consumers. But mostly it's plain economics. Beef is expensive. These days chickens, for example, can be slaughtered and processed almost entirely by machine, but beef is still highly labor-intensive, and increased efficiencies are hard to come by. In the 1960s, a pound of chicken cost 75% as much as pork and 50% as much as beef. Today, a pound of chicken costs 50% as much as pork and only 33% as much as beef. In fact, over the past decade beef prices have risen faster than the Consumer Price Index, despite reduced feed costs.

Result: Only the most efficient make any money in this business, where net margins are about 1% after-tax. Take Iowa Beef, the largest packer and now a subsidiary of Occidental Petroleum, which has largely transformed the industry. It relocated all its plants close to the source of raw material, introduced assembly-line concepts to the packing business, chopping a steer into ready-to-buy cuts that are then packed in boxes and shipped.

Most other packing plants have followed behind Iowa Beef's cost-cutting example. Still, consumption is dropping. What's the answer? New marketing, for one thing. "Until recently, we had never felt the need to actually change our product," says John Copeland, president of $2.5 billion (sales) Swift Independent. Now the industry is giving a lot of thought to it. One possibility: leaner beef, following the example of the pork growers. In the last 25 years, hogs became 50% leaner as producers responded to changing consumer tastes. If beef people didn't stuff cattle on the feedlot so long, their production costs—now about $65 per head—would drop and the meat would also be less fatty. "The idea of 'light beef' may sound sort of funny," says Manly Molpus, presi-

Food processors

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Meatpackers												
Idle Wild Foods	1	19.6%	17.5%	0.1	1	15.7%	15.0%	1.6%	4	10.5%	2	16.0%
Tyson Foods	2	17.9	20.1	1.4	3	11.8	11.5	1.7	1	17.5	1	16.9
George A Hormel	3	14.7	11.6	0.3	2	13.7	8.8	1.8	6	6.7	3	12.9
Cor[illegible]nd	4	13.6	11.7	0.3	4	10.0	9.3	2.4	7	4.9	4	7.0
Kwerick & Herrad	5	8.7	0.9	1.1	5	7.1	3.4	0.1	3	13.9	5	–4.2
Monfort of Colorado	6	7.6	43.5	0.6	6	5.8	29.1	1.6	2	16.9	6	–15.7
Wilson Foods	7	def	30.0	1.0	7	0.9	10.8	0.6	8	3.0‡	7	D–D‡
Rath Packing	8	def	def	NE	8	def	def	def	9	0.8	7	D–D
Swift Independent		**	33.0	1.1		**	19.3	1.1	5	7.8‡		**
Medians		**11.2**	**17.5**	**0.6**		**8.4**	**10.8**	**1.6**		**7.8**		**1.4**

Note: Explanation of Yardsticks calculations on page 50.
‡Four-year growth. D–D: deficit to deficit. def: deficit. **Not available; not ranked. NE: negative equity.

dent of the American Meat Institute, the industry trade association, "but it's the kind of marketing tool we're going to have to apply."

The industry also would like to have the USDA beef ratings system revamped. There are now four classifications, all based on fat content and created 56 years ago: prime, choice (90% of all beef graded), good and standard. Those ratings should be amended, says Molpus, precisely because they are based on fat, to which Americans show an aversion these days.

What about exports? "The potential is enormous," says Kenneth Monfort, president of $996 million (sales) Monfort of Colorado. "We have to find places affluent enough to eat meat, but don't have their own production."

Sounds simple enough. In Europe and Japan beef is somewhat a luxury item, but demand is growing. Unfortunately, these places have stringent trade restrictions created to protect their own industries.

If Europeans won't eat our beef, however, they remain the largest buyers of U.S. cattle by-products—the offal items most Americans won't touch, like liver, sweetbreads, brains, kidneys, tongues, even testicles. Not much to an industry looking for new markets, but it helps. ■

Looking for bargains
Despite packer efficiencies, beef is still expensive.

Food processors

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Agricultural commodities												
Pioneer Hi-Bred Intl	1	24.6%	25.0%	0.0	1	21.5%	23.7%	12.9%	1	17.5%	4	16.8%
ConAgra	2	24.0	22.6	0.6	2	16.4	16.2	1.9	4	14.3	1	32.2
Savannah Foods	3	21.7	35.3	0.3	3	14.2	24.4	5.1	9	4.9	3	19.7
Seaboard	4	18.2	26.1	0.1	4	12.9	17.6	6.6	10	4.3	2	26.3
A E Staley Mfg	5	16.2	12.6	0.2	6	11.3	8.8	3.9	2	15.8	8	9.3
Archer Daniels Midland	6	16.1	12.2	0.5	5	12.7	9.8	3.6	6	12.4	5	15.9
Ray	7	13.7	def	1.8	9	9.3	0.6	def	3	15.3	6	14.9
DEKALB AgResearch	8	12.3	5.1	0.4	8	9.5	4.9	3.1	5	13.1	9	3.9
Anderson, Clayton	9	11.9	8.6	0.1	7	10.5	8.2	2.9	8	5.7	7	9.6
Central Soya	10	10.4	6.4	0.4	10	8.4	6.3	1.1	7	6.3	10	2.3
Medians		**16.2**	**12.4**	**0.4**		**12.0**	**9.3**	**3.4**		**12.8**		**15.4**
Industry medians		14.2	12.6	0.4		10.9	9.3	1.8		10.5		11.3
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
def. deficit.

Manufacturers are searching for ways to expand a slow-growth market; consumers are searching for "affordable luxuries." The result? Gourmet cheeses and even gourmet yogurt at the local market.

Branded foods

By Paul B. Brown

"We declare pleasure to be the beginning and end of the blessed life," said the Greek philosopher Epicurus (342-270 B.C.). He was not talking solely about food, yet to a growing number of branded foods manufacturers these days, achieving the blessed life means selling to the epicures.

Gourmet foods—uncommon, high-cost, high-quality items—now account for about 1% of the $200 billion Americans spend in supermarkets annually. A $2.5 billion market is not much—but it's the potential of these upscale foods that interests some companies. While overall unit growth in food is about 1% and will probably remain that way, gourmet food sales should grow some 3% a year through the 1980s, according to Frost & Sullivan Inc., the market researchers. "The gourmet ethic is on the rise," says F&S. Moreover, the distribution system—always the bane of a specialty product—is not as big a problem as might be expected because, surprisingly, most gourmet food is handled by supermarkets, which outsell specialty food shops 3-to-1.

Kellogg's Whitney's yogurt
"American and classy."

When R.J. Reynolds bought Heublein last year, it also acquired Heublein's Grey Poupon Dijon mustard. Campbell Soup now owns Godiva Chocolate and Pepperidge Farms, where sales are up 39% since 1980. Why? Says Thomas Fey, who oversees the two product lines for Campbell, "As discretionary income is squeezed, people decide to buy less, but they make sure what they buy is very good. There also is a group of people who like good, wholesome-tasting food and are willing to pay what it costs to make it."

Many big companies, though, have been staying away from quality foods. General Foods' line of "international

Branded foods

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Diversified												
ConAgra	1	24.0%	22.8%	0.6	2	16.4%	16.2%	1.9%	9	14.3%	1	32.2%
Dean Foods	2	22.8	22.4	0.5	1	16.7	16.7	2.4	5	16.1	2	23.4
Esmark	3	22.6	14.0	0.6	7	13.5	10.1	2.7	25	–1.8	5	17.9
CPC International	4	19.4	18.5	0.2	3	15.6	14.1	5.5	18	8.9	10	12.7
General Mills	5	18.7	18.3	0.3	4	14.5	14.5	4.1	10	13.3	7	13.9
Nabisco Brands	6	18.6	19.4	0.4	9	13.2	13.8	5.0	19	8.6	9	13.0
Carnation	7	18.4	18.8	2.8	19	9.2	9.7	1.5	1	21.7	11	11.5
H J Heinz	8	18.1	19.5	0.2	8	14.0	15.7	5.2	11	13.0	3	18.6
Pillsbury	9	17.3	16.1	0.7	15	11.5	11.0	4.8	4	18.3	6	14.3
General Foods	10	17.3	17.3	0.4	6	14.0	13.6	3.4	16	10.6	12	11.4

Note: Explanation of Yardsticks calculations on page 50.

coffees" arguably could fit right in, but GF goes out of its way to stress its noninvolvement. "We advertise these coffees on prime time," says a spokesman. "How can it be gourmet?"

This leaves the field largely to companies with less than $1 billion in sales and looking to grow, and those whose product lines are already a collection of specialties, like Campbell, Kellogg and General Mills *(see box)*, and are also trying to diversify.

Universal Foods of Milwaukee is one of the best positioned. The company's sales—25% in such products as gourmet pretzels, specialty chocolates and high-quality olive oil—have increased 36% in the last two years to $434 million. "There's a new willingness to experiment with ethnic foods," says Guy Osborn, Universal's executive vice president. "The major reason seems to be the economy. The supermarket operator is looking to gain a greater chunk of the consumer dollar, so he has expanded his gourmet section since it has higher margins. Also, a lot of people are not going out to eat as much, so they treat themselves to better foods at home."

Once epicurean marketing is mastered, there are still twists to put on an old product. For example, one of the fastest-growing food lines now is

If she loved the doll, will she love the cereal?

If you want a snapshot of the branded-food business, take a look at the $3 billion cold-cereal market. There are 56 major brands, and a market share of 0.75% is enough to get Kellogg, General Mills, General Foods, Quaker Oats, Ralston Purina or Nabisco—the six major companies—to pop open the champagne.

About nine out of ten new cereals don't last beyond the first few years, but General Mills, which trails only Kellogg in the field, thinks it has come up with a cereal that will beat those odds: Strawberry Shortcake. No, it will not taste like the gooey dessert. It's a strawberry-flavored corn puff named after American Greetings' spectacularly successful character doll that did an estimated $1 billion in retail sales last year.

In case there are no girls aged two to ten in your life—Strawberry Shortcake's prime market—the doll is about 5½ inches high, strawberry-scented and somewhat reminiscent of Raggedy Ann. But why a cereal?

"Within the company we were familiar with the character—it has taken the world by storm," says Martha Robertson, who is General Mills' product manager for children's cereals. "So we thought, why not a cereal?" The product, which has just gone national, may in fact have a couple of things going for it. First, there is now only one other strawberry cereal on the market—FrankenBerry (which pictures a Frankensteinesque monster on the box and has marshmallow bits and strawberry puffs within), also from General Mills. Second, General Mills knows all about flavored corn puffs: It makes Cocoa Puffs (chocolate) and Trix (lemon, orange) with much the same process. But most important is the character itself.

Robertson is predicting Strawberry Shortcake will probably be an average child-cereal and capture between 0.5% and 0.75% of the market. That works out to between $15 million and $22.5 million a year, and that's enough to make you try.—P.B.B.

Branded foods

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Consolidated Foods	11	16.7%	18.2%	0.3	13	12.5%	12.7%	2.6%	6	15.3%	8	13.6%
Universal Foods	12	16.7	19.6	0.5	10	13.0	14.0	3.7	2	20.3	16	8.8
Beatrice Foods	13	16.0	13.2	0.3	11	12.6	10.5	3.4	12	12.2	15	8.9
Campbell Soup	14	15.0	14.9	0.2	8	13.2	12.2	5.1	15	10.5	18	8.0
Intl Multifoods	15	14.6	16.4	0.4	16	10.9	12.1	3.2	23	5.5	14	9.1
Dart & Kraft	16	14.2	9.0	0.2	14	11.8	7.6	2.4	17	9.4‡	20	6.5‡
Federal Co	17	14.1	11.9	0.2	12	12.5	10.9	1.9	7	15.0	21	5.4
Ralston Purina	18	13.6	5.1	0.3	17	10.0	4.8	1.4	20	8.3	22	5.0
Norton Simon	19	12.9	9.6	0.4	20	8.8	6.5	2.5	13	11.4	19	6.8
Borden	20	12.8	†2.8	0.8	18	9.6	9.6	4.1	22	8.7	13	9.3
IC Industries	21	9.9	5.4	0.6	22	6.3	4.5	1.9	3	19.6	17	8.4
Di Giorgio	22	9.3	6.4	0.9	21	7.0	5.4	0.8	21	7.8	4	†8.3
Castle & Cooke	23	4.8	def	0.4	23	5.1	def	def	8	14.7	24	5.3
Kane-Miller	24	4.4	5.3	0.7	24	4.7	5.2	0.6	24	-0.7	23	-9.7
United Brands	25	3.8	def	0.4	25	3.8	1.1	0.0	16	10.4		D-P
Medians		14.0	14.9	0.4		12.5	10.9	2.6		11.4		8.4

Note: Explanation of Yardsticks calculations on page 50.
‡Four-year growth. D-P: deficit to profit; not ranked. def: deficit.

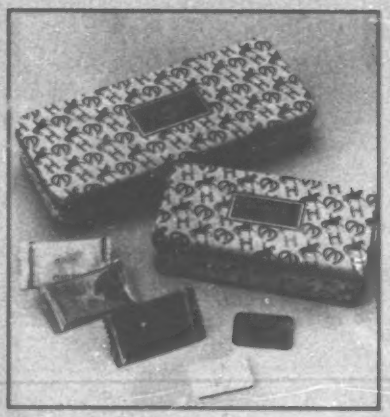
yogurt. So why not a gourmet yogurt? Kellogg has developed one and is now testing it.

Kellogg three years ago bought Le Shake, a drinkable yogurt, but decided to do more with it, says David H. Brenner, vice president and general manager of the new product called Whitney's yogurt. "Yogurt is now nearly a $600 million market at retail, and unit growth is surging ahead at 10% to 12% a year," he says. "But it's still tremendously underdeveloped. The average American eats about 3 pounds of yogurt a year. In France that total is 20 pounds."

Kellogg called its gourmet yogurt Whitney's because it sounded both "American and classy." So far, says Brenner, the test results are "terrific." So is the price: 65 cents for a 6-ounce cup, compared with 55 cents for 8 ounces of Dannon, the yogurt leader.

Yogurt is only the beginning. Local supermarkets may now include a huge cheese section featuring types like Brie and Havarti, where there were only Swiss and Cheddar. But don't forget the story about the trader who first brought bananas to Maine and sold the "exotic fruit" for $25 a pound. Today, the price is about 1% of that. Will the banana curve apply to gourmet foods, too? The companies eager to tap this intriguing market should probably reflect on that. ■

Gourmet pretzels
Status on the supermarket shelf.



"Equestrian" chocolates
Individually wrapped, Japan-made.

Gourmet olive oil
Bottled in a handblown decanter.

Branded foods

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Specialized												
Kellogg	1	27.4%	27.3%	0.1	1	22.9%	23.2%	9.3%	6	11.7%	7	12.1%
Flowers Industries	2	19.2	19.6	0.5	7	12.5	13.0	3.5	3	17.2	5	13.9
Hershey Foods	3	19.1	19.8	0.3	2	14.8	14.1	6.0	2	17.7	4	14.3
Carnation	4	17.8	18.1	0.2	3	14.7	15.3	5.5	11	9.1	8	11.9
Quaker Oats	5	16.5	12.7	0.2	8	11.9	9.3	3.1	8	11.3	3	14.4
McCormick	6	16.0	16.8	0.5	6	12.7	13.9	4.0	4	14.1	6	12.5
Gerber Products	7	15.5	14.0	0.1	5	14.0	12.8	5.2	7	11.4	9	10.1
Wm Wrigley Jr	8	15.3	14.8	0.0	4	14.7	14.3	6.2	9	10.9	11	5.4
Knudsen	9	14.8	10.9	1.0	10	9.3	7.6	1.1	5	15.3	2	20.9
Berkshire Hathaway	10	11.2	5.9	0.2	9	10.1	5.5	6.8	1	19.1	1	27.7
Amstar	11	10.9	4.3	0.1	11	8.2	3.9	1.3	15	3.6	13	–1.7
Amer Maize-Products	12	9.8	8.4	0.6	13	7.7	6.7	2.6	10	10.7	12	1.4
Stokely-Van Camp	13	8.9	11.3	0.3	14	6.9	8.4	2.7	13	5.3	10	6.8
Interstate Bakeries	14	4.6	0.9	1.6	12	8.0	19.9	0.1	12	7.7‡‡	14	P–D
American Bakeries	15	def	def	0.5	15	2.8	def	def	14	4.6	14	P–D
Medians		15.3	12.7	0.3		11.9	12.8	3.5		11.3		11.9
Industry medians		15.4	14.8	0.4		12.2	11.0	2.9		11.4		11.4
All-industry medians		15.9	12.7	0.4		11.9	9.3	3.4		15.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
‡‡Three-year growth. P-D: profit to deficit. def: deficit.

If you drink a caffeine-free coffee, you will also drink a caffeine-free cola. Or will you?

Beverages

By Paul B. Brown

IN THE THREE-YEAR PERIOD that ends next year, we will see more new [soft drink] product introduction than in the last ten years combined," says Martin Romm, a beverage analyst at First Boston. He's right. By this time next year, PepsiCo, Philip Morris' Seven-Up, Dr Pepper, General Cinema's Sunkist and Royal Crown Cola will have spent tens of millions of dollars on their new caffeine-free sodas.

What is going on is not hard to explain. Although the average American now drinks 39.4 gallons of soda pop a year—more than any other liquid except water—the market is growing at less than 3% a year. As a result, the major companies are trying to create new categories in the fastest-growing segments, like diet drinks, which are growing at 9%. Adding a line of caffeine-free sodas—especially colas—seemed the logical choice. It may be logical, but it also may be

Zap! Smok! Crunch!

Facing a relatively flat market and increasing competition for shelf space from a proliferation of new soft drinks, beverage companies and bottlers can increase earnings in two ways. The first, of course, is to push diet soft drinks, replacing the sugar with less costly artificial sweeteners in order to increase margins.

The second area is where the competition could come this year: vending machines, which account for about 15% of the $18 billion worth of soft drinks sold each year. There's plenty of margin potential here, too. For example, while you can buy a two-liter bottle of pop for about $1.49 at the supermarket, Coca-Cola is testing a vending machine that will sell you the same bottle for $2.

Not only are the prices changing, the machines are also being transformed. Coke now offers its bottlers nine different options, including two incorporating video games. "The standard machine was like a clerk. It was static at the point of sale," says Brian G. Dyson, president of Coca-Cola U.S.A. "We are trying to make that old machine more dramatic, more vibrant. Instead of being the clerk it is now, it should be a salesman that reaches out and grabs the person's attention."

Joseph Block, vice president for consumer marketing programs at PepsiCo, doesn't necessarily agree. "The video games are a gimmick that adds to the machine's cost," Block says. "And since all the major vending machines will have them, the option is going to be available to everyone. What you have to have is the vending machines in the right place. That doesn't change."—P.B.B.

Redesigned vending machine
Will high tech mean high sales?

wrong. The soft drink companies may have found a solution for which there is no known problem.

The idea for caffeine-free soda pop started with Royal Crown. The promotional value was quickly perceived by Seven-Up, which first simply advertised that its famous lemon-lime drink had no caffeine, and then brought out Like cola, in sugar-free and sugared versions. Pepsi quickly followed, as well as Dr Pepper, and General Cinema has announced it will reformulate its Sunkist orange soda to become caffeine-free.

Joseph Block, Pepsi's vice president of consumer marketing programs, lays out the strategy: "Look at decaffeinated coffees. They now represent 16% of the market and are the only part showing any growth. We did tests, which showed that 88% of all cola consumers know cola has caffeine, and 68% of them said they would be interested in a caffeine-free cola if there were no tradeoff in taste. Colas represent about 62% of the soft drink market, and we think that caffeine-free colas will capture between 5% and 15% of that."

Maybe, says Emanuel C. Goldman, research director of the consumer group at Sanford C. Bernstein. "But I'm not sure people are that concerned about caffeine. If you are concerned about caffeine, you are likely to be concerned about sugar, too. So the diet caffeine-free market is likely to be viable, but only because it is within the diet market."

Coca-Cola's new diet entry
Betting caffeine doesn't matter.

Coca-Cola has doubts, too. So far, the leading soft drink company has not introduced a caffeine-free cola product (although Coke's noncola Fresca, Sprite and Ramblin' root beer have no caffeine). "We believe the major opportunity in the soft drink field right now is the diet drinks," says Brian G. Dyson, president of Coca-Cola U.S.A. "That, of course, isn't to say that caffeine-free might not be a market in the future. But while it is nice to be first, in a nascent market like this I would want to be absolutely certain I'm right. Besides, we think Diet Coke makes all other options pale."

Coca-Cola introduced Diet Coke late last year in New York and other test markets. The product will go national later this year. So far Dyson says it is exceeding expectations and has cannibalized Tab, Coca-Cola's current diet cola, to only a limited degree. "Caffeine-free beverages, I believe, cannibalized mother beverages a hell of a lot more," he says.

So, while the decision on reformulating Tab or introducing a new caffeine-free cola is being debated, Coke finds itself in the position of having two strong diet drinks—Tab is the leader—in the fastest-growing part of the business. Diet drinks are now about 15% of the market and should grow to at least a quarter by the end of the decade. Given that position, it is easy to see why Coke is in no great hurry to create a caffeine-free cola. What's harder to see is why its competitors are. ■

Beverages

Yardsticks of management performance

	Profitability						Growth			
	Return on equity			Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Alcoholic beverages												
G Heileman Brewing	1	31.4%	27.7%	0.3	1	23.1%	19.1%	5.2%	1	28.6%	1	30.6%
Brown-Forman Dist	2	21.6	25.7	0.2	2	16.6	20.8	10.3	3	14.3	2	24.8
Anheuser-Busch Cos	3	19.4	21.9	0.5	3	11.3	11.6	6.3	2	17.2	4	20.1
Seagram	4	14.7	11.1	0.2	4	10.7	7.0	9.9	7	6.0	3	21.8
National Distillers	5	11.7	8.9	0.2	5	9.6	7.5	3.2	6	7.2	5	3.0
Adolph Coors	6	9.0	6.4	0.0	6	8.4	5.8	5.2	4	10.0	6	–0.1
Olympia Brewing	7	2.8	def	0.3	7	3.3	def	def	5	7.6	7	–15.1
Pabst Brewing	8	0.8	0.3	0.1	8	1.0	0.6	0.1	8	4.5	8	–38.6
Medians		**13.2**	**10.0**	**0.2**		**10.2**	**7.3**	**5.2**		**8.8**		**11.6**
Soft drinks												
Coca-Cola	1	23.0%	21.3%	0.1	1	21.3%	19.5%	8.3%	3	13.9%	3	11.0%
General Cinema	2	22.6	25.7	0.8	3	14.0	15.4	5.8	2	16.4	1	19.8
PepsiCo	3	22.5	21.8	0.5	2	16.4	15.8	4.9	1	19.3	2	13.4
Royal Crown Cos	4	11.7	14.6	0.5	4	9.0	10.8	3.5	4	10.6	4	–3.4
Medians		**22.6**	**21.6**	**0.5**		**15.2**	**15.6**	**5.4**		**15.2**		**13.2**
Industry medians		17.	18.0	0.3		11.0	11.2	5.2		12.3		13.2
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
def: deficit.

Uncle Sam wants to contain the country's $175 billion health care bill, which grows 10% even in recessions. For some—particularly the hospital companies—that spells opportunity.

Health care

By Howard Rudnitsky

THIS IS THE FOURTH recession in our 14-year history, and in every one of them we have had gains in revenues and earnings," says Thomas Frist Jr., president and cofounder of Nashville-based Hospital Corp. of America. It's not a boast, just a statement of the obvious. Steel may be flat on its back, autos and housing chronically ill, but health care just keeps growing. How many businesses in the recession year of 1982 showed revenue gains of better than 15% and earnings growth around 20%?

From nowhere eight years ago, in fact, the investor-owned hospital management companies have grown into a $7 billion industry. At least four of them now have over $1 billion in revenues, led by HCA's $3.5 billion. And there is plenty of room to grow: Investor-owned hospitals still account for only about 6% of the nation's hospital bill. The rest comprises thousands of privately or government-run hospital operators, who often generate little profit.

But what's going to happen now that even the Reagan Administration wants to try to put a cap on health care costs? The tab now comes to $175 billion a year. It has been growing at 10% a year, good times and bad, and in the opinion of some experts *(see box)* is a significant factor in the stagnation of consumer spending. The government pays 50 cents out of every health care dollar. So at both the federal and state levels, lawmakers are trying to develop incentives to hold down costs. The state of California, for example, has thrown out cost-based reimbursement for Medi-Cal

Health care

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Servicemaster Inds	1	37.1%	38.1%	0.0	1	37.9%	37.5%	3.6%	7	23.3%	5	25.9%
Humana	2	29.9	35.6	1.7	9	12.2	14.4	8.4	2	40.5	2	45.6
Shaklee	3	28.3	22.6	0.2	2	20.7	17.9	5.1	6	23.5	8	19.8
Abbott Laboratories	4	23.4	24.0	0.2	4	18.9	19.8	10.9	9	16.6	7	20.9
Beverly Enterprises	5	23.1	15.5	1.6	13	10.9	9.0	3.3	3	35.4		D-P
[illegible]	6	21.1	20.2	0.4	3	18.2	20.3	4.2	13	12.7	1	56.8
Nat'l Medical Enterps	7	20.8	19.3	1.0	12	11.4	11.8	6.2	1	45.6	3	29.7
Johnson & Johnson	8	20.4	21.1	0.0	5	18.6	20.0	9.2	10	16.2	10	15.4
Hospital Corp of Am	9	19.8	18.4	1.8	14	10.4	8.7	5.6	4	33.3	6	24.9
Amer Medical Int'l	10	19.2	21.2	1.0	11	11.6	13.1	6.8	5	26.8	4	28.6
Baxter Travenol Labs	11	17.8	18.1	0.2	7	14.0	14.8	10.8	8	18.2	9	19.7
Bausch & Lomb	12	17.8	16.2	0.2	6	14.9	14.2	7.5	14	10.2	12	14.4
Amer Hospital Supply	13	16.0	19.4	0.2	8	13.8	16.6	6.9	11	15.7	11	15.2
Becton, Dickinson	14	14.4	13.3	0.3	10	12.1	10.6	6.9	12	14.9	13	10.7
Sybron	15	9.7	4.8	0.4	15	7.9	4.7	2.0	15	5.5	14	0.3
Industry medians		20.4	19.4	0.3		13.8	14.4	6.8		18.2		20.4
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
D-P: deficit to profit; not ranked.

patients in favor of negotiated rates.

Now the Reagan Administration wants Medicare hospital costs to be reimbursed on a prospective assessment of the average industry cost, adjusted for inflation, instead of a hospital's current costs. More important, if Congress agrees, the plan would pass half of any cost savings on to the hospital as profit.

Not surprisingly, investor-owned hospitals are for this. Profit, after all, is their business. Moreover, they have been further toughened by the recession, for although they do grow in recessions, they are not totally immune. Says Wendell Cherry, president of Louisville-based Humana Corp., "The recession is having an impact. There's less elective surgery because private insurance is down. We've got 16 million people in this country now who don't have private insurance because of the prolonged unemployment."

The recession has also resulted in a decline in overall admissions in hospitals around the country, he says—although again chains like Humana and HCA have been able to buck the trend with modest fractional increases. That's another reason that those big chains would not fear the Reagan plan very much.

Being well diversified helps. In slack periods a hospital company can push for management contracts at other hospitals. It doesn't take capital and it aids earnings quickly. An example is HCA's 2½-year, $175 million contract to manage a major hospital system for Saudi Arabia. Having a malpractice insurance subsidiary and testing and diagnostic labs also helps at times like these.

So does geographical diversification. If you are a hospital company in only one state or one part of a state, you could have problems. Obviously, operating in and around depressed Detroit is hard. HCA's Frist also points out that some hospital operators in areas you wouldn't expect—Texas and California—are hurting, too. Business is off 8% in some parts of the two states, because of the Mexican peso devaluation and freeze. "A lot of Mexicans used to come over the border to visit a doctor or go to a hospital," he says, often paying cash. Now, not so much.

Most Americans, though, are still covered by health insurance. Says HCA's Frist, "If one spouse is out of work, the other has coverage. Even if both of them are laid off, they can still fall back on Medicaid to pay their bills. So the hospital still gets reimbursed, one way or another."

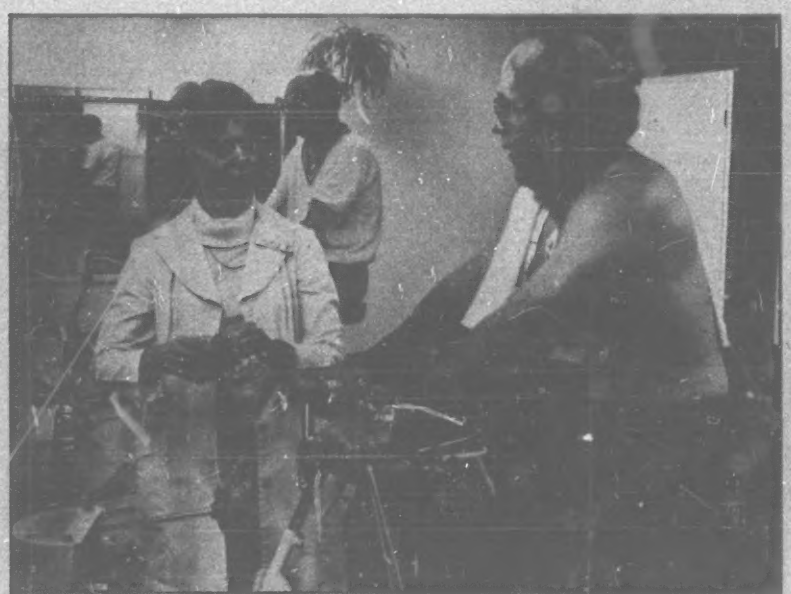
The stockholder-owned hospital groups have another advantage, as well. With their shares selling for 15 to 20 times earnings recently, they can afford to build and acquire other hospitals. Humana, National Medical Enterprises and HCA together acquired 51 hospitals last year, and also sold some. All of them—the big three of the industry—sold stock in 1982. This access to capital is critical. The industry's capital requirements now run in the neighborhood of $8 billion to $9 billion a year and will climb higher during the rest of the decade just to maintain the existing number of hospitals, says HCA's Frist.

But how would hospital supply companies fare under Reagan's planned changes in Medicare reimbursement? Large companies like Baxter Travenol, American Hospital Supply and Abbott Labs doubt they would be hurt. Says CEO Vernon Loucks of Baxter Travenol, "If you are a low-cost producer and willing to pour money into new technologies, these cost-containment proposals will wind up proving more an opportunity than a threat."

But for smaller, less research-oriented suppliers the going could be rougher. Margins for commodity-like products will be squeezed even more. Already, even in a big market like general IV solutions, a big company such as Cutter Labs has been forced out (FORBES, *Nov. 8, 1982*).

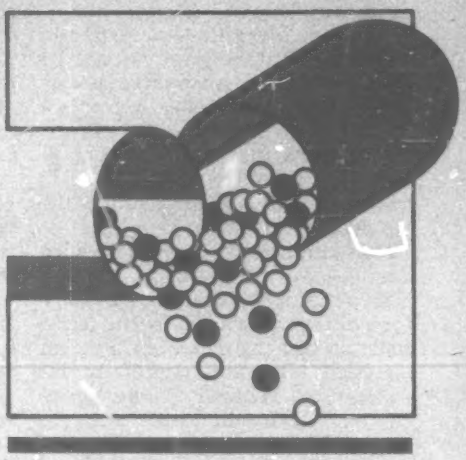
Hospital suppliers are now also facing increased competition from diversifying drug companies. Warner Lambert last year acquired IMED, a smallish supplier of electronic pumps and diagnostic equipment, for $465 million, and Pfizer acquired Valleylab, a maker of microsurgery equipment and infusion systems.

So while the market's growing, so is the competition. That will put supplier margins under more pressure. But hospitals and patients may benefit. ■



Patients at a stockholder-owned hospital
The recession prompts some "elective" surgery to be put off, but other treatment is rising.

The $70 billion world pharmaceutical industry has never been a U.S. hegemony. But unlike autos or TV sets, foreign competition has turned out to be a good deal for everyone.



Drugs

By Thomas Jaffe

TIME WAS, WHEN a drug company licensed another company's product, that meant it had failed to come up with anything as good on its own. No more. Drugs licensed from overseas accounted for more than 10% of the estimated $15 billion in U.S. pharmaceuticals sales last year, and the licensees included some of the best U.S. companies. With drug development costs escalating and the quality of worldwide research improved, licensing has become generally accepted as a smart strategy.

For some companies, it is not a new game. Pfizer has been prominent in licensing since the Fifties because it came late to the drug business and badly needed products to sell while it was catching up. Even now, one of Pfizer's major new U.S. introductions is Procardia, an angina drug licensed from Bayer A.G. of West Germany. Another, the antibiotic Cefobid invented by Japan's Toyama, has just been approved by the U.S. Food & Drug Administration.

Securing approval can cost $70 million and take eight to ten years. That's 7 times what it cost and nearly twice the time it took in the early Seventies. From the licensor's point of view, then, the key is to negotiate the U.S. rights to a drug early enough in its development that the American pharmaceutical house will end up paying for much of the testing to meet FDA standards. For the licensee, that can be a perfectly acceptable expense if the process offers a possible shortcut

Drugs

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
SmithKline Beckman	1	37.5%	28.5%	0.2	2	33.1%	24.8%	15.4%	1	24.7%	1	31.5%
American Home Products	2	33.5	32.9	0.0	1	33.5	32.6	12.2	10	10.9	6	12.4
Merck	3	23.5	20.4	0.1	5	20.2	17.1	13.5	6	12.3	8	10.6
Bristol-Myers	4	22.4	21.9	0.1	4	20.7	20.7	9.5	8	11.5	5	13.4
Eli Lilly	5	21.9	21.1	0.0	3	20.9	19.2	13.5	3	14.9	7	11.3
Upjohn	6	21.2	15.3	0.4	7	15.5	10.9	8.2	5	13.1	2	15.5
G D Searle	7	20.2	25.0	0.3	8	14.9	19.9	14.5	13	7.6	3	14.4
Schering-Plough	8	19.8	13.9	0.2	6	18.7	11.7	10.1	2	15.0	10	8.0
Pfizer	9	17.1	18.1	0.4	10	13.6	14.1	9.3	7	12.0	9	9.6
Sterling Drug	10	15.2	15.5	0.1	9	14.5	13.8	7.2	11	10.4	12	7.3
A H Robins	11	14.6	14.9	0.1	11	12.7	13.4	9.7	9	11.2	11	7.4
Squibb	12	13.3	13.4	0.4	12	10.5	10.5	8.7	14	7.0	13	3.6
Warner-Lambert	13	11.5	13.8	0.4	13	8.7	9.7	5.2	12	8.9	14	-2.8
Richardson-Vicks		**	13.4	0.1		**	13.2	5.9	4	14.2‡	4	13.5‡
Industry medians		20.2	16.8	0.2		15.5	14.0	9.6		11.8		11.0
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
‡Four-year growth. **Not available, not ranked.

to the marketplace.

"Suppose a company wants to start basic research in an area where it hasn't worked before," says Dr. Albert Bowers, chairman of $813 million (sales) Syntex Corp. "It takes 5 years alone to come up with a handful of active compounds. Then 10 more years might pass before any of them will reach the U.S. market. With licensing it's possible to cut this 15-year cycle down to 8 years. That's precisely what Syntex is doing in cardiology. Its own program is only 6 years old, but it has licensed two promising drugs, from Japan and France. And as a bonus, the development it does on those may speed along its in-house efforts."

There is always the chance of a blockbuster, too. For example, Upjohn never had an antiarthritic drug until it licensed Motrin from Boots Plc. of the U.K. Last year its U.S. Motrin sales were $190 million. Since the Sixties, American Home Products has licensed Inderal from I.C.I. Ltd., also of the U.K., and it's now the leading U.S. beta blocker, with 1981 sales of $276 million.

Until recently the procedure was fairly simple: If a foreign company wanted to sell a drug here but didn't have its own sales force to do the job, an American company was granted that right for an average royalty of 5% to 20% of the annual U.S. gross. Sometimes the licensee paid up-front money as well to reimburse for prior research, or even agreed to buy raw materials from the licensor.

But as licensing gets more popular, there is more competition for those foreign plums. And some foreigners, no longer content with royalties, like Glaxo Holdings Plc. of the U.K., are building their own sales organizations here. Another is Boots, whose U.S. license to Upjohn for Motrin was not exclusive, and which is now selling the same product here under a different name.

All this has given rise to product swaps, cross-licensing and comarketing. Says O.B. Parrish, president of pharmaceuticals for $1 billion (estimated 1982 sales) G.D. Searle: "To be an international marketer of drugs you need to be significant in 15 to 20 countries. It's tough for many companies to cover all that geography effectively. It's just as tough to cover all therapeutic areas of research. So what you're getting now is a tradeoff of skills where both parties can come out ahead. It's making two plus two equal five."

Last year, for example, Searle signed an agreement with Meiji Seika Kaisha, the largest antibiotic producer in Japan. Searle, which has no antibiotic research program of its own, will be able to sell Meiji's products in the U.S. as well as elsewhere. In return, Meiji has the right to comarket certain Searle interferons in both Japan and Southeast Asia, and the two will collaborate on new interferon manufacturing technology.

Whenever he can, Parrish also will go after smaller deals. Although Knoll Pharmaceuticals is the U.S. subsidiary of German chemical giant BASF A.G., it doesn't yet have a sales force in many European countries. So Searle has agreed to market the Knoll line in Spain and Belgium in return for a share of the profits. It even has the Philippine license to just two Knoll products. Altogether, 55 drugs Searle now sells worldwide are licensed and another 27 are being developed.

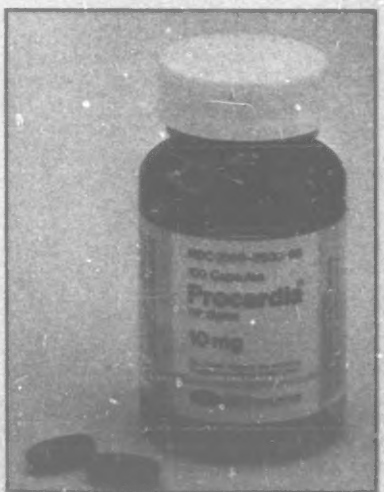
Merck & Co. has a different approach. For licensing purposes the industry leader divides the world into three areas—the U.S., Europe and Japan—and its goal is to sell someone else's drug in at least two out of three. So what $3.1 billion (estimated 1982 sales) Merck is looking for is a match-up with a foreign giant, say a Bayer or a Hoechst A.G. "Multinationals must learn to deal with each other on this," says Edgar Philbrick, vice president of corporate licensing.

So far, though, Merck's biggest splash has been of the more conventional sort. It paid Sweden's Astra A.B. an up-front fee of $60 million for the U.S. rights to future products. After reaching a certain sales figure, which the company won't disclose, the two then will form a joint venture to market those drugs. Meanwhile, Merck constantly keeps track of research at 125 firms around the world. "We're not looking for small stuff," admits Philbrick. "We have the reach to sell something far and fast, so the bigger the drug's potential the better. We also have the financial strength to pay top dollar, and our research is broad enough that we have many products available to swap."

But a company with big R&D and marketing operations isn't always the best choice as a licensee. Instead, it can be a smaller company with few or no drugs in the same category as the one that's up for grabs. Take $153 million (sales) Marion Laboratories. Some 70% of its volume is from products licensed since 1970. Not surprisingly, Marion's two hottest future prospects also come through licensing: the antiulcer drug Carafate and a calcium-blocker Cardizem, both from Japan.

"The company negotiating to license its product to a big company may worry that, with all its other drugs, its own might fall through the cracks," says Marion President Fred Lyons. "The truth is, the integrity of the industry depends on treating what is licensed just the same as an in-house invention, because you have to put so much work into developing it for an FDA application. But I can understand a licensor's fear. With us, he knows he will get attention. Hell, depending on what kind of drug it is, it might be our whole line in that area!"

Marion's very existence is proof that the licensing system works and—if current activity is any indication—is here to stay. ■



Bayer's angina drug (right) *and Pfizer's licensed U.S. version*
Making two plus two equal five.

Whatever happened to the designer label? In the slow-growth apparel industry, things seem to be back to the tried and true.

Apparel

By Carol E. Curtis

"No fashionable woman is going to wear designer jeans today," says Joseph Scheines of Kurt Salmon Associates, the New York-based apparel consultants. Why? The market became so saturated that designer jeans lost their status. Now, they're a commodity.

But it's not just jeans, says Scheines. "Consumer resistance to continual trading up has finally reached the upscale consumer," he says. The designer label, which put show-business zip—and growth—into the apparel business for three or four years, won't be doing so anymore.

Now at about $5 billion, the jeans market grew 21% in 1980 and 1981. But last year it was flat, and this year will be that at best. Moreover, the disenchantment with fancy jeans is shared by higher-priced designer sportswear generally, including so-called activewear—fleece sweatshirts, jogging suits and other sporty clothing. "This is still a very important business, but the bloom is off the rose," says Jill Greenwood, a senior consultant at Kurt Salmon. Many department stores were caught during the winter season with $55 sweatshirts and costly jogging suits they were unable to sell. "Fleece activewear used to be a bright spot in the apparel industry," says Greenwood. "But last season that growth just wasn't there."

All that is one reason the $99 billion apparel business can't expect much leverage from an economic recovery. In fact, apparel experts are looking for only a modest increase of 1% to 2% in unit sales this year.

Even the small but important category of women's suits has entered a slow-growth mode. Two years ago sales of women's suits increased 69%, leading some apparel experts to predict a new, long-term growth market. But while there are more women in the executive suite, suits are languishing on racks. What about children's clothing, which accounts for a healthy 15% of all apparel sold? It would seem to be a logical exception, with the baby-boom generation now having families. Not so; though there are more women of childbearing age, they are having fewer children. More women are also single or divorced. So while some companies, like Chesebrough-Pond's Health-tex division, are posting gains, the overall market is soft. Last year adult apparel actually fared better than infants' and children's wear, whose unit volume dropped almost 3%, against a decline for all apparel of 0.2%. This year infants' and children's wear is expected to grow at about the same lackluster pace as all apparel.

Domestic producers may actually

Will socks stay up?

In Tiffany's recently, an obviously affluent woman was spotted carrying a fur coat over her arm, wearing skintight jeans (no designer label) and leg warmers. The outfit had nothing to do with keeping her legs warm. She was making what the industry calls "a forward fashion statement."

Even in the hardest-hit industries, there will always be some marketing opportunities. This season, it appears to be socks and leg warmers. "Socks are out of the fashion doldrums!" proclaims a delighted Sid Smith, president of the National Association of Hosiery Manufacturers.

Building a fad around socks might defy logic. But Smith cites impressive numbers to show that it's happening. Sales of women's and children's socks, which currently account for 19% of the $5.9 billion hosiery industry, rose 19% last year. Midcalf women's and children's socks, which include the textures and patterns that are fashionable, were up 30%. Leg warmers, with almost no sales until last year, rose a spectacular 340% in the first three quarters of 1982.

Socks department at Bloomingdale's **Soon, arm warmers to match.**

Will socks stay up? Smith expects they will hold their own this year, and that leg warmers will do better. They're a small-ticket item, he says, allowing women to change their look significantly for relatively little money. "Leg warmers capitalized on the fashionable layered look," he says. They also make women look athletic, which is stylish. To expand the trend, the hosiery industry will soon introduce arm warmers to match.—C.E.C.

show a decline. The reason? Imports from abroad account for 25% of every dollar spent on apparel, and total sales of foreign-made goods are expected to jump another 8% this year.

With such an unpromising outlook, who will beat the averages? Kurt Salmon's Greenwood believes it will be companies able to carve out a market niche and aim their sales at the long-term needs of a particular customer rather than a short-lived fad. One example is Merona Sport, a division of Oxford Industries that is successfully merchandising the "weekend wear" concept. Its specialty is natural fiber sportswear for working men and women to wear mainly on Saturday. Merona's sales have spurted from $250,000 in 1978 to $35 million last year; this year, revenues are projected at $55 million. "Customers are tired of designer logos," says Merona President Lee Backus.

Other winners will be companies with recognizable brand names. "A brand name means the company stands behind it; it is not just a designer stamp," notes Jeff Edelman, a first vice president at Dean Witter who follows the apparel industry. National brand names have been steadily increasing their share of the apparel dollar; it now stands at 25%, up from 20% a decade ago. The companies behind them will provide the success stories of 1983, Edelman expects. He predicts a 50% hike in profits for Levi Strauss, the $2.9 billion (sales) industry leader that markets Levi's jeans. He is also recommending V.F. Corp. (Lee jeans, Vanity Fair) and Jonathan Logan (Villager, Etienne Aigner). "The name of the game is branded merchandise," he says. "With few exceptions, only those companies that have already done well are going to continue to do well." ■

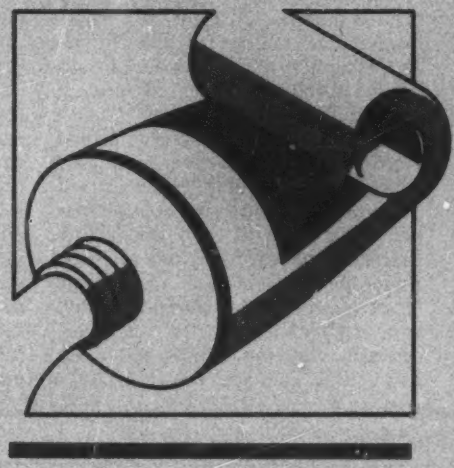
Apparel

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Clothing												
Levi Strauss	1	26.3%	13.2%	0.2	1	23.3%	12.3%	4.8%	2	17.7%	3	21.0%
VF	2	22.3	30.7	0.1	2	18.8	26.1	8.9	5	9.7	5	17.4
Palm Beach	3	21.8	8.5	0.3	3	15.1	7.2	1.5	1	23.0	6	16.5
Warnaco	4	17.8	19.0	0.4	5	12.6	14.4	4.7	10	5.8		D-P
Blue Bell	5	16.1	8.7	0.1	4	14.2	8.4	2.9	3	14.2	8	7.4
Interco	6	13.5	9.8	0.3	6	12.1	8.9	2.7	4	10.6	9	6.7
Hart Schaffner & Marx	7	11.0	11.1	0.6	7	9.7	10.8	3.6	7	8.0	7	12.5
Chem. Peabody	8	9.8	10.8	0.5	8	9.8	9.5	2.5	9	3.9	4	17.7
Manhattan Industries	9	8.8	19.6	0.9	12	7.0	10.4	2.6	6	7.3	2	25.0
Phillips-Van Heusen	10	8.3	7.8	0.6	10	7.0	7.2	1.7	11	3.1	1	38.5
Kellwood	11	7.6	11.0	0.6	9	7.1	11.1	1.6	8	7.0	10	-3.4
Jonathan Logan	12	def.	9.8	0.3	13	def.	8.5	3.0	12	2.0	11	P-D
Medians		**12.3**	**10.9**	**0.3**		**10.9**	**10.1**	**3.0**		**7.2**		**16.5**
Textiles												
Cone Mills	1	13.4%	5.4%	0.1	1	12.2%	5.1%	4.0%	7	5.7%	5	9.5%
West Point-Pepperell	2	12.0	1	0.3	2	9.6	9.6	3.9	1	11.9	4	9.7
Fieldcrest Mills	3	11.9	4.5		3	9.2	3.1	1.4	2	8.8	6	9.4
Riegel Textile	4	11.8	5.3	0.3	4	8.0	5.0	2.1	5	7.4	7	5.0
Collins & Aikman	5	10.8	10.8	0.3	6	8.8	8.5	3.1	3	10.3	8	4.3
Springs Industries	6	9.1	12.2	0.2	6	7.9	10.8	5.1	6	7.1	3	16.4
Dan River	7	8.7	2.7	0.5	7	6.7	3.2	1.0	9	5.0	2	17.0
Burlington Inds	8	7.4	4.5	0.4	8	6.1	4.1	1.8	10	5.0	9	-1.3
M Lowenstein	9	6.2	10.0	0.5	9	5.8	8.0	2.9	12	2.6	1	78.5
Avondale Mills	10	4.5	0.0	0.1	10	4.5	0.0	0.0	8	5.6	10	-8.0
J P Stevens	11	4.3	4.5	0.7	11	4.5	4.4	1.3	4	7.6	11	-9.2
Graniteville	12	2.1	def.	0.5	12	2.5	def.	def.	11	4.7	12	-29.2
United Merch & Mfrs	13	def.	def.	0.7	13	def.	def.	def.	13	-7.6	13	D-D
Medians		**8.7**	**4.5**	**0.4**		**6.7**	**4.4**	**1.8**		**5.7**		**5.0**
Shoes												
NIKE	1	36.6%	20.3%	0.1	1	29.2%	16.1%	7.2%	1	30.6%‡	1	98.0%‡
SCOA Industries	2	29.8	22.3	0.9	3	17.7	14.3	3.0	2	12.9	2	29.3
Melville	3	26.6	21.8	0.2	2	25.0	20.0	4.2	3	18.8	3	18.7
United States Shoe	4	19.5	18.3	0.2	4	15.6	15.4	4.1	4	12.2	5	16.8
Brown Group	5	16.3	17.1	0.2	5	12.7	14.6	4.2	5	9.5	4	17.8
Genesco	4	4.4	def.	1.7	4	4.7	0.5	def.	4	4.4		D-P
Medians		**23.1**	**20.0**	**0.2**		**16.7**	**14.9**	**4.2**		**12.6**		**18.7**
[illegible]		[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]		[illegible]
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
‡Four-year growth. P-D: profit to deficit. D-D: deficit to deficit. D-P: deficit to profit; not ranked. def: deficit.

You find the high-class perfume only in the high-class stores, right? Not anymore.



Toiletries and cosmetics

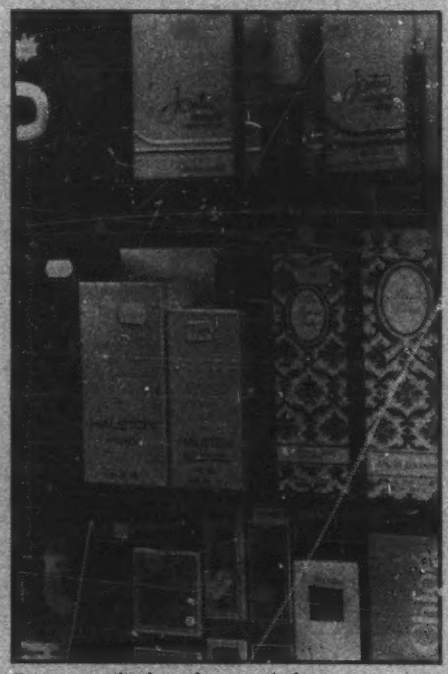
By Barbara Ettorre

THESE ARE SURPRISINGLY tough times for the lotions and potions business. The fact is, it is perilously close to being no longer recession-proof. Unit sales were down about 4% in 1982, although price increases kept up dollar volume. But this year, many analysts expect dollar gains of no more than 8%—in other words, pretty close to flat when you take out inflation.

Even one of the industry's stalwarts is having its troubles: prestige fragrances, those very expensive (from $20 to $400 an ounce) scents sold to customers who—it has always been assumed—don't have to worry about recession. It's serious, since fragrances represent from 35% to 40% of all cosmetics sold. In response, some manufacturers are succumbing to a temptation that could kill off the cachet of high-class perfumes entirely. By the end of last year, perfume lines formerly sold only in better department and specialty stores were showing up in bulk in chain drugstores, mass merchandisers such as J.C. Penney and K mart, and other outlets that never before saw the likes of Opium, Oscar de la Renta and Halston. Moreover, the price was being slashed severely—as much as 40% off the suggested list, contend some industry sources. More like 15%, say drugstore executives. But that can still mean, say, about $7 off a 2.3-ounce bottle of Yves St. Laurent's Opium spray cologne, normally sold at around $48 in a department store.

For David Eisenberg, senior vice president of marketing at Peoples Drug Stores, Inc., the phenomenon is welcome. "The wheel that has been wound so tightly is now opening up, and we can get these products now," he says. "I look at it as extra dollars. I don't have to have counter personnel to sell it, either. Department stores probably are losing their leverage to be able to sell this stuff exclusively."

Indeed, a good 20% of fragrance sales in department stores, according to Jack Salzman, an analyst at Smith Barney, Harris Upham & Co., is pumped out of promotions—mostly gift-with-purchase or purchase-with-purchase incentives. "I suspect that the number will be at least this and more in 1983," he says. "The trend completely buries the myth that women who buy high-priced fragrances are not price-sensitive."



Drugstore display of women's fragrances
How far downscale can you go?

Compounding the problem is an import glut of French-made fragrances, encouraged by the strong dollar. Among them: Opium, Oscar de la Renta, Paco Rabanne for men, Chloé by Karl Lagerfeld and several Guerlain scents.

The French invasion is "a major source of irritation," says Simon Critchell, vice president and general manager for the fragrance division of Cosmair, Inc., which represents the L'Oréal Group brands in the U.S. "It's more than an aberration—it could destroy the distinction between selective and nonselective brands." Critchell has a vested interest (Cacharel, Anaïs Anaïs and Guy Laroche fragrances), to be sure. But an estimated $80 million to $100 million worth of French-made perfumes at retail are now available in the U.S. for diversion to discount stores.

"There is tremendous profit to be made by French manufacturers," says Robert Miller, executive vice president of Squibb Corp.'s Charles of the Ritz Group, Ltd. "We just spent $300,000 for equipment to code our U.S. merchandise by laser. But a third party can buy products at retail from a French-based company, land them in the U.S., pay duties and still offer them at prices lower than they wholesale for here—far cheaper than we can because of the value of the franc." Miller and several other U.S. perfume executives have requested the Food & Drug Administration to police the sales of improperly marked fragrances, with limited success thus far.

This sort of thing is not un-

known, of course. If a manufacturer has trouble meeting his numbers, he sells to more sources. But it has never happened on such a large scale in high-price perfume before because the image of prestige is so important.

Which perfume manufacturers are doing it? Retailers won't discuss it. Most perfume makers won't, either. One of the few who will is Carlo Bilotti, president of Jacqueline Cochran, Inc., a division of American Cyanamid Co. About four years ago he started distributing his popular L'Air du Temps scent ($16.50 retail for a 1.7-ounce spray bottle) half to department stores, half to independent chains and mass retailers.

Is Bilotti risking the destruction of L'Air's image? Prestige is maintained, he says, because it is an old-line scent (introduced in the late Forties) and its top-of-the-line department-store products are sold in expensive Lalique crystal bottles. Moreover, Jacqueline Cochran recently introduced Niki de Saint Phalle, a prestige fragrance priced about 20% higher than L'Air du Temps and sold only in department stores.

But many in the industry think brands will be cheapened and ultimately destroyed, if not by the locations that carry lower-price merchandise, then by the discounting. For this reason, even some drugstore chains are unwilling to cut the price. William Geary, divisional merchandise manager of Walgreen's fashion division, considers discounting an expensive scent to be "a short-term decision" only.

The mice and the elephant

A Richardson-Vicks Inc. executive said it best: "Oil of Olay is a big elephant being nibbled on by a lot of little mice." Here comes another mouse—with some powerful backing.

This month the Gillette Co. will introduce Aapri apricot replenishing lotion and cream, a product introduction that will be closely watched by Richardson-Vicks, maker of Oil of Olay, which dominates the $600 million facial cleanser and moisturizer segment of the skin care market. Well should R-V be watchful: In the 18 months since Gillette brought it out, Aapri lotion's predecessor, Aapri apricot facial scrub, has grabbed almost a 15% unit share, according to A.C. Nielsen, against such cleansing behemoths as Noxell's Noxzema and Chesebrough-Pond's cold cream.

Gillette's Aapri
The face-off.

Gillette will have spent more than $25 million to market Aapri facial scrub in the first two years alone—so R-V should know that Aapri is not a product to be trifled with. "You have to take them [new competitors] very seriously," says Peter Wilson, vice president and marketing director of R-V's Vicks Toiletries Products division. Oil of Olay still has 31% of its market and retail sales of $100 million a year. But the mice have taken a few nibbles. That 31% was 34% in 1981, Wilson concedes.

Clearly, though, Oil of Olay is an elephant to be reckoned with. Says William Ryan, president of Gillette's $400 million [sales] personal care division, "We are going into the teeth of the gale."—B.B.

If this kind of marketing becomes a fact of life rather than an aberration, though, some makers of lower-price fragrances sold now in chain drug and mass retail stores may try to break into the prestige end, risky and costly as that can be. Edward Rabin, president of the Prince Matchabelli division of Chesebrough-Pond's, which puts out such less-expensive scents as Wind Song, Aviance and Cachet, is one of those considering it. Exclusive stores will be enraged at the cheapening of their expensive perfumes' images, he says, so "there's an opening for a company that can promise them exclusivity. It's a gift from heaven for us." Prince Matchabelli, Rabin says, expects to be in the prestige perfume marketplace by 1984 or before.

But where will Opium be in 1984? As one angry department store retailer says: "Will the customer ever go back to paying the full price?" ■

Toiletries and cosmetics

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Avon Products	1	27.7%	19.0%	0.0	1	27.3%	19.5%	6.7%	3	13.0%	6	7.8%
Intl Flavors & Frag	2	22.4	18.6	0.0	2	20.9	17.8	13.6	5	12.0	3	13.0
Chesebrough-Pond's	3	21.4	20.2	0.3	3	17.5	17.2	7.6	2	15.3	2	14.2
Procter & Gamble	4	19.6	20.2	0.2	5	15.3	15.5	6.7	4	12.5	5	12.0
Kimberly-Clark	5	19.1	15.7	0.2	6	14.6	12.7	7.2	7	11.1	1	15.4
Revlon	6	18.3	10.1	0.3	4	15.4	8.3	5.6	1	20.5	4	12.2
Gillette	7	18.1	17.7	0.4	7	13.6	13.0	5.7	9	9.3	7	7.0
Colgate-Palmolive	8	14.7	16.0	0.2	8	12.4	13.1	4.1	8	10.1	8	4.1
American Cyanamid	9	12.3	9.2	0.3	9	9.5	7.6	4.0	6	11.3	9	3.5
Industry medians		19.1	17.7	0.2		15.3	13.1	6.7		12.0		12.0
All-industry medians		15.9	12.7	0.4		12.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.

Despite all the things going against it, the tobacco industry just keeps rolling along. But is a downturn in the cards for 1983?

Tobacco

By Jan Schriber

THE TOBACCO INDUSTRY has survived 20 years of attacks by the U.S. Surgeon General, the FDA and the American Cancer Society. Now it faces a doubling of the 8-cents-a-pack federal excise tax. Publicly the industry may howl at this, but privately it is not overly worried. Jill Esposito, a 17-year-old at Northfield Mt. Hermon prep school in Massachusetts, personifies the reason. "Smoking is a way to relieve tension and also to be social," she says. "I started last year when I came here, and it would be difficult to stop now."

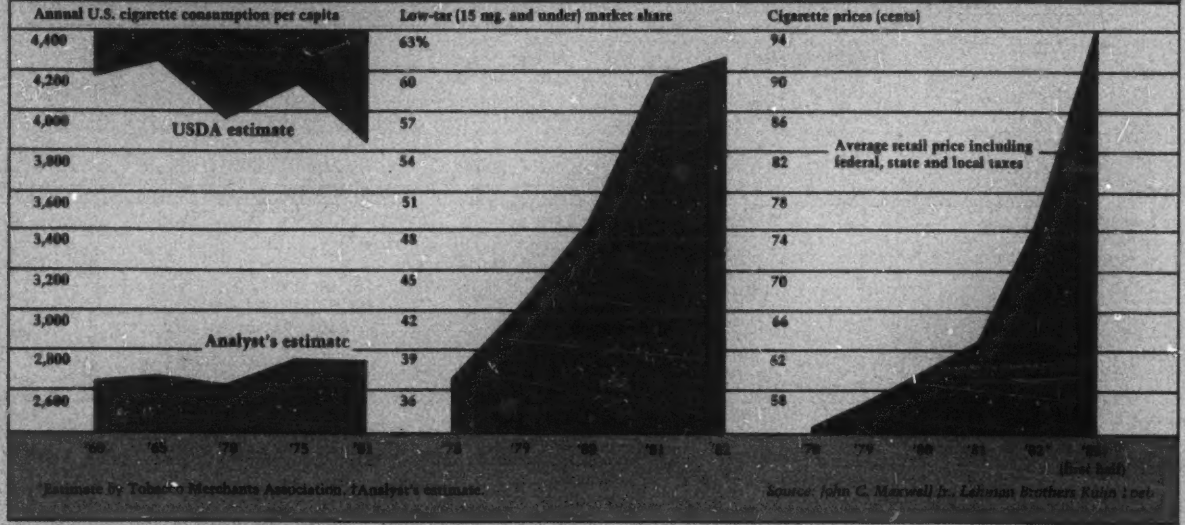
Jill represents the industry's growth area: women. According to one national survey, more high school senior girls now smoke half a pack or more a day than senior boys (13.8% vs. 12.8%). And adult women are moving toward parity with adult male smokers. Female smokers have increased more than 15% since 1970, while women as a percentage of total adult smokers have grown from 44.2% to 47.4%.

Thus, for a mature and uniquely maligned industry, tobacco keeps on doing well. More people over 18 now smoke than ever before—some 60 million Americans. Some 628 billion cigarettes were sold in 1981, an increase of 17% in the last decade. A case can be made that even per capita consumption has not declined, as Department of Agriculture figures show: The government counts only smokers 18 and older. Simply dividing total population into total cigarette consumption shows the increase *(see chart below)*.

Ironically perhaps, the trend toward low-tar and ultra-low-tar also leads to increased consumption. Low-tars, defined by the government as cigarettes with 15mg of tar or less, have less nicotine, of course. But "nicotine is one of the pleasures of smoking," says Roy Burry, an analyst at Kidder, Peabody & Co. "The natural tendency is to smoke more cigarettes in order to

Cigarettes are still hot

The USDA says per capita cigarette consumption has dropped. Has it? In fact, a case can be made that, since the government doesn't count teenage smokers, there has actually been a modest increase since 1970. Big growth area: low-tars, which smokers tend to consume in greater quantities. Biggest growth: retail price.



Estimate by Tobacco Merchants Association. †Analyst's estimate.

Source: John C. Maxwell Jr., Lehman Brothers Kuhn Loeb

get the same amount of nicotine."

The result of all this: After a decade of diversification, tobacco is still the keystone of such companies as R.J. Reynolds Industries and Philip Morris, Inc. Back in 1968, RJR got 89% of its sales and 96% of operating earnings from tobacco. Today, after acquiring Sea-Land, Burmah Oil, Del Monte and Heublein, RJR still gets 46% of sales and 68% of earnings from tobacco, and tobacco still contributes 89% of operating profits to Philip Morris, despite its Miller Brewing and Seven-Up subsidiaries.

Further attacks are in store, though. In addition to the federal excise tax hike, nine states increased their excise taxes last year, and bills are now pending in six more, including one in Pennsylvania that would increase that state's tax from 18 cents a pack to 40 cents. "They are all in [financial] trouble, and the first things they look toward are cigarettes, liquor and gasoline," grumbles Curtis Judge, president of Lorillard and chairman of the executive committee of the Tobacco Institute.

This is all making smoking an expensive habit indeed. Will that discourage smokers? "Big towns like New York or Chicago have taxes so high that cigarettes already cost 90 cents to $1 per pack. Another dime or so dribbled in over time may not have much impact," says Jack Maxwell of Lehman Brothers Kuhn Loeb, the industry's unofficial statistician. Maxwell believes that consumption may dip 1% to 3% in the first part of the year. Over the long term?

Price increases may deter few buyers, until suddenly the price passes a threshold. In England, where cigarettes cost $2 a pack, a 10% price increase can lead to a 3% consumption decline. In the U.S., where the majority of smokers have below-average incomes, $2 a pack could start making some real inroads in take-home pay and cigarette consumption. The U.S. population also continues to gravitate from young to old. As people start counting their life down and not up they tend to smoke less.

Thus, sooner or later, says Kidder, Peabody's Burry, there will be a plateau. "People were wrong before, thinking per capita consumption was going down. Now, because the industry has been so popular and done well in the stock market, they will probably be wrong the other way. They are all going to think the consumption of cigarettes is going up when it really starts to go down." Whenever that time comes. ■

Hello, Mrs. America

Scratching out a 1% share of the cigarette market can mean $130 million in revenues. But if the rewards are high, so are the costs. Take Brown & Williamson, which in 1981 launched its new Barclay brand. Even in an industry that spends $1 billion a year in advertising, the Barclay project was massive. B&W, the U.S. subsidiary of Britain's giant B.A.T. Ltd., spent $100 million in media and marketing expenses in the first year alone—the most expensive send-off in American cigarette history. But it was money well spent. Barclay captured a 1.3% market share, helping to turn the fortunes of Brown & Williamson's entire American line around.

Most new brands, though, are not new at all, but merely extensions. R.J. Reynolds, for instance, introduced 11 brands nationally in the last two years. The names of many were not new, however, only the adjectives: More Lights 100s, Salem Slim Lights, Vantage Ultra Lights and Winston Ultra Lights. Winston now has the distinction of seven different so-called packing variations.

But periodically a company must pay what it costs to bring out something totally new, like Barclay. R.J. Reynolds has recently introduced Bright, a low-tar entry with a "unique" taste (some would say peppermint, although the company declines to define it).

"Unique" taste and a flashy name seem to be prerequisites. Lorillard, a division of Loews Corp., has big hopes for Satin, now being test marketed, to help shore up its low-tar lineup, which accounts for some 75% of Lorillard's business. Satin is to be sold as a woman's cigarette—"not the Virginia Slims woman," explains Lorillard President Curtis Judge, "but Miss or Mrs. America who wants to spoil herself." Satin may or may not make it, but Lorillard has had some experience launching new brands: Some 45% of its volume is from brands that are less than eight years old.—J.S.

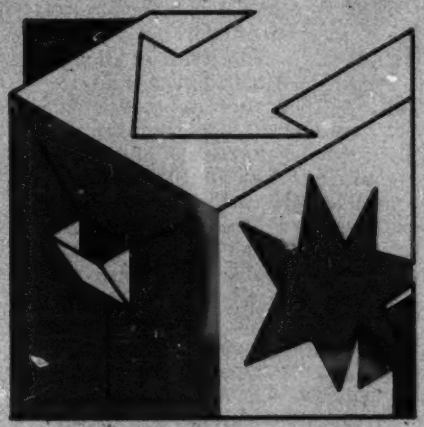
Tobacco

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Philip Morris	1	23.6%	22.9%	0.9	3	13.5%	12.1%	6.6%	1	20.3%	2	19.2%
Loews	2	23.0	18.7	0.5	4	12.2	11.4	5.0	2	15.4	1	25.5
American Brands	3	21.7	19.7	0.3	1	15.9	15.1	5.8	4	9.7	3	18.5
R J Reynolds Inds	4	20.9	21.6	0.2	2	15.0	15.5	7.0	3	15.1	4	11.3
Culbro	5	14.6	7.9	0.2	5	9.4	8.0	2.1	5	3.9	5	5.4
Industry median		21.7	19.7	0.3		13.5	12.1	5.8		15.1		18.5
All-industry median		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.

Maryland Cup may have sacrificed consumer recognition to competitors, but it seems to have been worth it.



Packaging

By William Harris

FEW PEOPLE REMEMBER, but Ray Kroc was once a hotshot paper cup salesman at Lily Tulip. He devoted ten years of his life to that firm before storming—and buying his way—out in 1938. It seems Kroc was constantly bumping into management with his marketing ideas. Sixteen years later, when Kroc started McDonald's, he didn't even consider his former employer as a possible vendor. Instead, he went straight to Maryland Cup.

Maryland Cup (sales $656 million) is still supplying McDonald's with containers for soft drinks and milkshakes, along with 4,000 other customers, including Baskin-Robbins, Wendy's and Pizza Hut. Its Sweetheart brand may not be as well known among consumers as competing Dixie Cups, but Chairman Merrill Bank is not exactly concerned about consumer recognition problems. His 72-year-old outfit, based in Owings Mills, Md., is the largest and most profitable company in this $3 billion segment of the packaging industry.

That's because Maryland was the first to go after the high-volume fast food, institutional and recreational user of paper and plastic dinnerware, rather than fight for limited space on supermarket shelves. McDonald's alone accounts for 11% of Maryland's sales. Despite the recession and a drop in fast food sales, Bank has still managed to squeeze out better profits on flat sales in fiscal 1982, ended Sept. 30. Earnings grew 4%, to $31.7 million, or $4.66 a share. Meanwhile, he has maintained Maryland's 4.7% aftertax margins—almost double that of

Packaging

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Tyco Laboratories	1	31.5%	19.4%	1.2	1	15.8%	10.8%	4.2%	1	33.7%	1	30.0%
Sonoco Products	2	17.6	14.4	0.2	2	14.4	11.6	5.7	3	15.5	3	14.6
Ball Corp	3	16.2	17.2	0.7	4	11.0	11.1	3.8	4	15.5	4	14.5
Stone Container	4	15.6	8.9	0.7	6	9.4	4.9	2.9	11	10.6	10	7.3
Maryland Cup	5	14.8	14.2	0.3	5	10.7	10.7	4.8	5	15.4	2	15.9
Crown Cork & Seal	6	14.2	9.1	0.0	3	12.5	7.9	3.8	10	10.7	5	11.4
National Can	7	12.9	8.3	0.4	7	9.2	6.3	1.8	8	10.8	6	10.8
Continental Group	8	12.4	9.5	0.5	8	9.0	7.1	3.6	14	8.3	11	6.1
Owens-Illinois	9	11.1	7.5	0.4	11	7.9	6.1	2.8	13	9.3	9	8.4
Bemis	10	11.0	7.2	0.4	10	7.9	5.9	1.9	16	8.1	8	8.4
Anchor Hocking	11	10.5	4.4	0.3	9	8.3	4.1	1.5	9	10.8	12	4.1
Dorsey	12	9.8	def	0.4	14	7.4	def	def	2	19.1	7	9.2
Kerr Glass Mfg	13	9.6	8.2	0.6	12	7.8	6.8	2.2	7	13.0	13	2.3
Diamond Intl	14	8.3	2.4	0.3	13	7.6	3.2	1.4	15	7.8	15	–5.3
Brockway Inc (NY)	15	8.2	7.1	0.4	15	6.7	6.2	1.9	6	13.1	14	–1.3
American Can	16	5.7	def	0.5	16	4.8	def	def	12	9.6	16	–10.8
Industry medians		11.8	8.3	0.4		8.7	6.3	2.3		10.8		8.4
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
def: deficit.

his competitors—and reduced long-term debt.

One paper cup is pretty much like another, although Maryland's are actually priced a bit higher than those made by either Dixie or Lily. But one way Bank maintains his market lead and keeps his customers from defecting is by offering cup-filling equipment along with his disposables. These machines—like the ones seen in stadium concessions cupping and capping beer—are lent, not leased. So if customers use someone else's cups in them, Maryland will terminate that loan.

"Our systems approach to selling goes back to the days when we were private," explains Bank, 67, who joined the firm in 1934 straight out of high school. "We were only making ice cream cones then, and I would go on my sales route with a postage scale to show customers how to standardize the scoops." What was true then still applies today. Customers don't mind paying a premium for Maryland's products if they, in turn, can reduce waste and lower labor costs. (Maryland, incidentally, is still making ice cream cones; it is the largest manufacturer of these edible containers in the world.)

But there's something else less tangible going on here. Bank is an old-fashioned, hands-on type who understands that personal contact, even in a commodities-like business, is invaluable. Furthermore, each of Maryland's top five executives has put in an average 45 years with the company. Such management stability helps cement customer relationships with people like Ray Kroc.

That longevity is not surprising, really. Maryland is a family-owned business, with some 50% of the stock scattered among 90 members of the Shapiro clan, descendants or inlaws of the four brothers, all bakers, who started the ice cream cone company in 1911. Nine out of 13 directors are Shapiro family members. More unusual, Bank and his management team members each earn the same $205,000 base salary. It's a lot like a limited partnership within a public corporation.

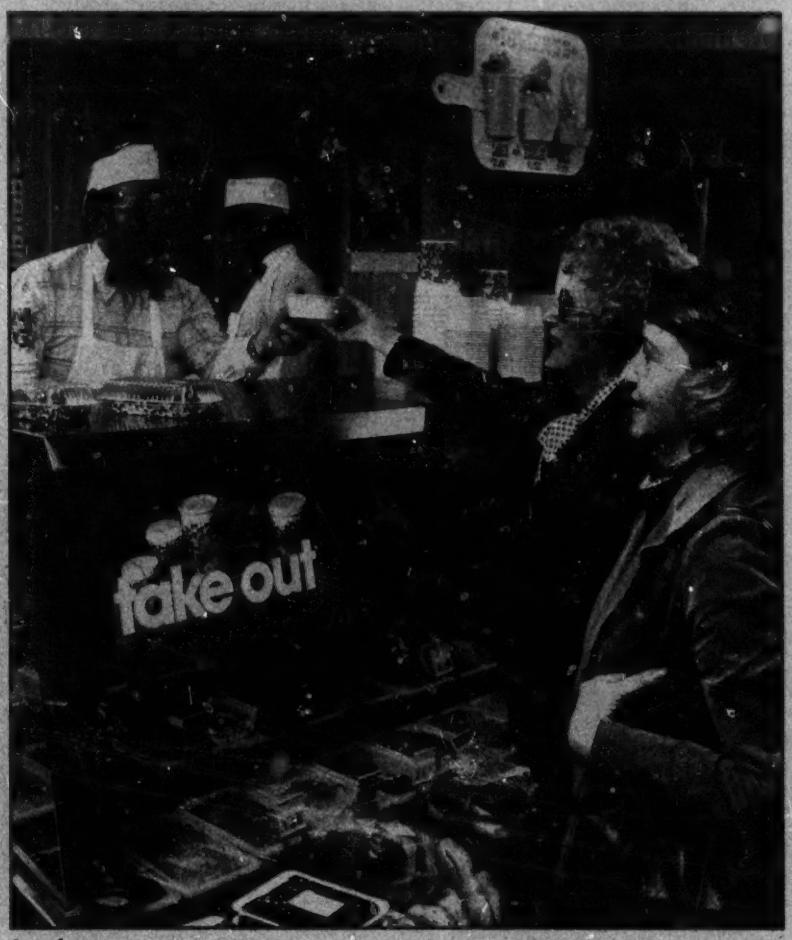
Every family has its share of squabbles, and Maryland is no exception. In 1979 and again in 1981 word leaked out that Maryland was talking with Kraft and Fort Howard Paper, respectively, about merger possibilities. Both potential deals fell through. While Bank says he's not interested in merging, he doesn't deny that some of the family members would like to cash in. Says he: "My daughters are only interested in their dividends, not in growing a business."

More growth is not going to come quickly. Maryland has pretty much saturated the fast food business in the U.S.—an estimated 35% of sales, although the company doesn't release any segment information. Still, there are ample opportunities remaining overseas for hamburgers, french fries and a Coke. Maryland is now piggybacking off the likes of McDonald's, as the fast food chains step up their European invasion.

At the same time, Bank is trying to increase Maryland's penetration of hospitals and of school cafeterias. But a big chunk of that institutional market is not yet convinced that using paper plates and cups is any cheaper or better than washing china and glass tableware. What's more, the competition for those users could be fierce, now that both Dixie Cups and Lily Tulip have new owners. James River, the $773 million (sales) forest products company, recently purchased Dixie from American Can and Owens-Illinois spun off Lily to a group of private investors.

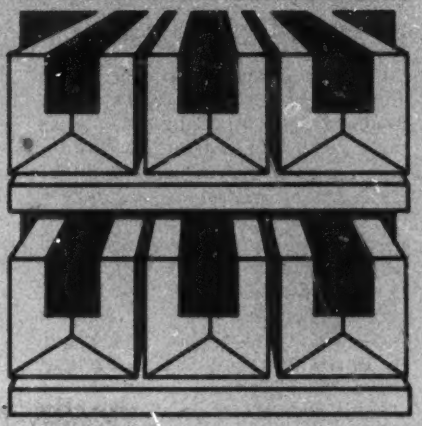
But Bank expects some of Maryland's biggest growth to come from a new edible package. He won't give specifics about the product, except to say it's something of a cross between an ice cream cone and a taco shell. Clearly Bank has not forgotten Maryland's roots. It was ice cream cones, after all, that first led the company into the fast food business. When customers like Dairy Queen started offering food and drink to patrons, Maryland saw a market opportunity and began manufacturing disposable paper containers.

Whether Bank will be able to circulate a whole new generation of products through his existing customers has yet to be seen. But it's just the kind of marketing chutzpah Ray Kroc would applaud. And probably buy. ■



Lunch to go
Disposable containers are now a $3 billion industry.

Dousing inflation is not necessarily good for everybody. For an "inflation conduit," it can be painful. The shakeout in food wholesaling, in fact, is already under way.



Wholesalers

By Jonathan Greenberg

"THIS IS AN INDUSTRY in its infancy in the use of computers, and it has to get to the Buck Rogers state within ten years," says James W. Norris, an Arthur Andersen specialist on wholesalers. "And many small companies will have a hard time assimilating the technology in order to be competitive."

For the small players in wholesale food, that discouraging prediction could have come at a better time. They have enough trouble on their hands, what with inflation slowing down and all. That's right—not everybody is hurt by inflation, and the $60 billion wholesale food industry is a good example. "It's an inflation conduit," explains Leon Borchers, a Robinson Humphrey analyst. "Wholesalers benefit, in fact, by passing inflation through on a cost-plus basis."

The nation's 405 general line food wholesalers supply food, nonfood products and operating services to smaller supermarket chains and all of America's 108,000 independent grocery stores. They are middlemen between manufacturers and grocers. These days, this fragmented business is steadily consolidating. Big companies like $3.7 billion (estimated 1982 sales) Fleming Cos., $5.1 billion Super Valu Stores and $2.3 billion Wetterau have been steadily building market share by shaving prices, then acquiring weakened smaller firms.

Late last year, for example, Fleming paid $91 million for three distributorships and two related subsidiaries owned by Waples-Platter Co. of Ft. Worth, Tex. with combined fiscal 1982 sales of $722 million—the largest acquisition in the industry's history. Fleming CEO R.D. Harrison believes the cost of the new technology is driving out smaller players. "They're unable to make the kind of investments necessary," he says. "The efficiency gap is widening between those who can afford it and those who can't."

How much will it cost to computerize the warehouse industry? Nobody knows for sure, but Mike Wright, CEO of Super Valu Stores, the largest food wholesaler, says it will be "enormous." Thus, selling out to someone

The modern warehouse of a large wholesale food distributor
The cost of the future squeezes the little guy.

with the necessary capital can become the only way out for the little guy. "By merging with larger companies, the warehouses have capital available to expand their distribution centers and to help their retailers expand by financing their growth," he says. Wright's company, in fact, currently has nearly $100 million outstanding in financing for its customers' operating needs. That kind of support has helped his customers to attain better than 5% improvement in real tonnage last year. With interest rates declining, says Wright, the independent retailers he services will probably be able to expand their operations and open more outlets.

The small wholesalers can't always support customers that way—and then there's the expense of the technology of the future. Computers, of course, are a natural for a business that has to keep track of millions of items, and specifically a natural for food wholesalers, where the name of the game is to give their customers—mainly independent grocery stores and chains—the advantages the big supermarket chains enjoy through integration.

One of the most promising computer systems is "host support" for the data generated in grocery stores' point-of-sale (POS) registers. The stores often have relatively small computers to analyze the millions of transactions their POS scanners record. Yet this information can be a gold mine for marketing and inventory control if it is fully analyzed. That's an opportunity for the wholesalers. Super Valu uses a $300,000 IBM 4300 computer to assist its customers and spends more than $1 million a year to analyze scanning data.

Another technological frontier is the "uniform communications system" (UCS), a direct link between the computer of the wholesaler and those of its manufacturing suppliers. In a high-turnover industry involving over 10,000 different items, UCS is expected to eliminate costly human error in handling mountains of transactions, as well as postage costs; more important, it will shorten lead time on inventory and inventory expense. The system could save suppliers and distributors an estimated $270 million annually in transaction costs, according to consulting firm Arthur D. Little. The problem is that the system works for the wholesaler only to the extent that his suppliers are also on it. Still, Jerry Peck, president of the National American Wholesale Grocers Association, expects the number of users of the UCS to quadruple in 1983 and quadruple again in 1984. ■

Wholesalers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Food distributors												
Super Valu Stores	1	28.0%	23.8%	0.4	1	19.3%	18.0%	1.4%	6	15.9%	1	23.3%
Farm House Foods	2	19.8	16.3	2.6	7	10.9	6.9	0.3	1	38.8	4	14.2
Syseo	3	19.2	20.3	0.3	2	14.9	16.0	2.0	2	18.4	2	19.9
Fleming Cos	4	18.0	18.3	0.6	5	12.6	12.8	0.8	8	13.5	7	10.7
Malone & Hyde	5	17.5	16.9	0.5	3	14.2	12.7	1.3	4	15.9	6	10.9
Fleckinger	6	15.5	15.8	0.6	4	13.0	13.6	0.8	9	12.7	1	32.7
Nash Finch	7	14.9	13.3	0.4	9	12.0	10.6	1.0	10	12.2	9	6.4
Wetterau	8	12.5	10.1	0.9	8	10.3	7.5	0.5	6	14.1	11	1.8
Super Food Services	9	12.1	11.5	1.5	9	8.9	8.1	0.3	3	16.8	10	5.0
CFS Continental	10	11.6	14.9	0.6	10	8.5	10.7	1.4	7	13.6	8	7.8
Pac Gamble Robinson	11	10.3	6.3	0.7	11	8.3	5.7	0.4	11	8.3	12	0.6
Di Giorgio	12	9.3	6.4	0.9	12	7.0	5.4	0.8	12	7.8	3	18.3
Scot Lad Foods	13	9.0	3.9	1.0	13	6.5	4.6	0.2	13	2.3		D–P
Medians		14.9	14.9	0.6		10.9	10.2	0.8		13.6		7.8
Other wholesalers												
Philbro-Salomon	1	35.5%	21.8%	0.5	1	27.8%	15.7%	1.3%	1	32.2%	2	27.5%
Std Comml Tobacco	2	22.2	21.0	0.3	2	17.3	18.0	2.4	2	28.5	3	18.6
Alco Standard	3	19.2	17.3	0.6	5	14.1	12.8	2.2	3	17.2	7	13.5
Universal Leaf	4	18.7	18.6	0.2	3	16.1	13.7	2.8	11	8.5	4	15.5
Bergen Brunswig	5	18.4	22.1	0.7	4	14.2	15.6	1.4	4	16.8	1	53.0
Fleming-Nicholson	6	16.8	13.5	0.8	7	11.6	9.3	1.3	13	2.1	5	9.4
Univar	7	16.9	9.4	1.2	10	10.4	6.3	1.0	9	9.6	8	11.4
Amer Hospital Supply	8	16.0	19.4	0.2	6	13.8	16.6	6.9	5	15.7	9	15.2
Dibrell Brothers	9	14.7	20.5	0.6	8	11.7	13.3	3.1	7	11.4	6	13.6
Lowe's Companies	10	14.4	12.7	0.2	7	11.7	11.0	2.4	6	12.8	11	3.9
Amfac	11	12.0	4.6	0.7	11	7.8	4.1	1.1	8	10.3	10	5.6
Medians		**16.9**	**18.6**	**0.6**		**13.8**	**13.3**	**2.1**		**12.8**		**13.6**
Industry medians		16.3	16.6	0.4		11.9	11.9	1.5		13.3		12.7
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
D–P: deficit to profit; not ranked.

There's plenty of growth in the supermarket industry these days, and very little of it comes from food price inflation.

Supermarkets

By Jonathan Greenberg

A FAMILIAR PATTERN shows up with such regularity in the $90 billion supermarket industry that for years the major players almost took it for granted: As recession slows inflation and shaves margins (that at 1% in the best of times are already among the lowest in any business), supermarkets go after each other's market share to try to compensate. The result: destructive price wars in which everybody loses.

Are the supermarkets finally achieving some self-discipline? The fact is, price wars haven't yet broken out—this time around. Despite the fact that food price inflation has been lower than general inflation for months—3% to 4%—most of the supermarket companies have managed to restrain themselves. As a result, most had fairly robust growth in 1982 and are looking forward to a decent 1983. "It used to be that the way competition would react was not very predictable," explains Lyle Everingham, CEO of $11 billion (sales) Kroger, the nation's second-largest supermarket chain. "Today we intend to defend the customer base we worked so hard to get, and this has an effect on the behavior of the more reckless competitors in the marketplace."

Which is not to suggest that competition has not been fierce. "There's been more heated price advertising in every area we operate in during the last year than there has been for the past five years," says Warren McCain, CEO of Albertson's, which operated primarily in the West and South. "But all the retailers are a little smarter now, and I guess none of them can afford the price wars of the past."

Instead, competition takes such forms as skirmishes over coupon redemption—offers to double the value of a consumer's coupon, for example. Of course, that comes out of earnings eventually, just like a price cut. So why are earnings holding up? One answer is economies of scale. Another is upscale segmented marketing.

For many chains like Albertson's and Supermarkets General a new "one-stop" combination store is about the size of a football field. And those stores house—in addition to the standard items—baked goods, deli products, flowers and drugs. Kroger's Everingham says these convenience-oriented "special-interest" departments are especially popular among singles, the elderly and smaller families where both parents work. With Kroger's gross sales of specialty items growing at twice the rate of groceries, and gross margins at deli counters 45% higher than for staple groceries, it's easy to see why Kroger included them in all of the 100 new stores it opened this year. As for size, in 1972 Kroger's 1,365 stores contained 25 million square feet of floor space. In 1982 it had 124 fewer stores but 12 million more square feet of floor space.

Plenty of floor space also allows supermarkets to cater to price-conscious shoppers as well as to the gourmet. At a time when many are trading down for more basic nonspecialty foods, private-label—the chain's own brand—is increasingly popular. In a recent survey, *Progressive Grocer* magazine found that three times as many supermarket merchandisers expect many consumers to continue their trade down to cheaper foods in 1983. Private-label, upscale luxury and prepared foods mean margins. The cavernous, 60,000-square-foot modern supermarket has room for both.

Kroger's is not the only chain closing unprofitable stores. Safeway closed its Omaha division and American Stores closed supermarkets in the Washington, D.C. area. Many of the stores closed have been in unprofitable locations or of uneconomic size. In addition, in a period of high unemployment, concessions in work rules and wages from unions have allowed the supermarkets to remain competitive with nonunion fast food restaurants. Even quick-stop operations like Southland's 7-Elevens are withstanding the recession. With a revenue gain of 20% for the first nine months of 1982, while earnings rose 16%, Southland's 7,000-plus 7-Eleven stores are proving that higher-priced convenience still means a lot. It means a lot to the supermarkets, too; to combat Southland's seven-day-a-week schedules, a number of its supermarket competitors have convinced unions to let members work Sundays for less than time and a half, compared to the double time they used to demand. "For the first time in 15 years there has been a swing away from unions and back to management," says Dean Witter analyst Terence McEvoy. "With 10% unemployment, unions tend not to strike, so the companies have taken a hard line and have started to get some significant work rule changes and productivity gains."

Government deregulation of trucking has also helped. Now that trucks can backhaul, supermarkets don't pay for empty loads half the time. At Kroger this means that, despite an escalation in drivers' hourly wages, delivery costs as a percentage of sales decreased in 1982.

Technology, too, will ultimately help. Optical scanners now reign at the checkout counter in about 6,500, or 23%, of supermarkets nationwide, and 1982 was the biggest year for new

scanner installations to date. Scanning doesn't only allow products to be checked out more quickly; the process also lets stores analyze inventory, shelf-space allocation and the effects of various promotional campaigns. At Albertson's, some 55 of 412 supermarkets are scanning now, and 50 more will get scanners in the current year. CEO McCain says, "It's the right way to go."

The supermarkets' future prospects look so bright, in fact, that Value Line recently ranked the industry second of 92 for expected relative stock performance this year. But what happens if further deflation makes those price wars of the past harder to resist? Is the day of the one-cent milk special really over? So far, the industry has shown an unaccustomed discipline. But all it takes is for a few to succumb to temptation and history could start repeating itself. ■

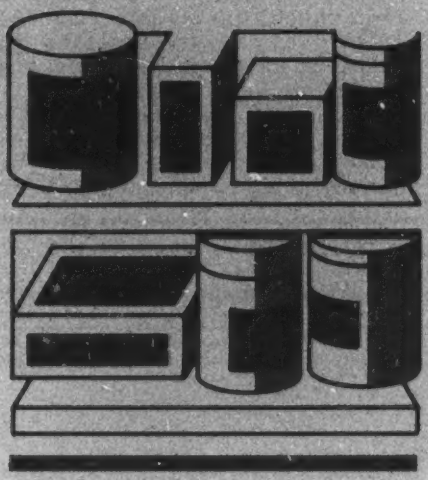
Supermarkets

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Major chains												
Albertson's	1	24.3%	22.8%	0.9	4	14.1%	14.2%	1.5%	3	18.7%	3	20.3%
Dillon Cos	2	23.7	25.6	0.5	2	16.7	17.1	1.8	4	17.3	7	14.3
Lucky Stores	3	23.1	16.5	0.8	5	14.0	10.7	1.1	5	15.5	10	9.9
American Stores	4	21.8	23.1	0.9	3	15.4	12.2	1.1	1	51.6	2	21.9
Supermarkets General	5	21.8	22.0	1.1	7	11.4	12.9	1.2	8	11.0	1	25.2
Winn-Dixie Stores	6	20.6	20.3	0.2	1	17.5	17.7	1.5	6	13.4	8	11.5
Kroger	7	17.0	18.4	0.6	6	11.6	11.3	1.2	7	13.1	4	18.8
Southland	8	16.8	16.9	0.9	9	10.1	10.2	1.6	2	20.5	6	15.6
Jewel Cos	9	16.4	18.2	0.6	8	10.3	11.3	1.7	10	9.7	5	16.1
Stop & Shop Cos	10	15.1	20.1	1.1	10	9.1	12.3	1.4	11	8.3	9	10.9
Safeway Stores	11	13.6	13.0	1.1	11	8.9	8.4	0.8	9	10.2	11	4.9
Great Atl & Pac Tea	12	def	0.6	1.0	13	def	2.9	0.0	12	–1.1	12	D–D
Medians		**18.8**	**19.3**	**0.9**		**11.5**	**11.8**	**1.3**		**13.3**		**15.0**
Regional chains												
Food Town Stores	1	33.9%	26.5%	0.1	1	27.0%	22.4%	2.4%	1	32.3%	3	32.5%
Natl Convenience Stores	2	27.3	24.2	1.4	4	14.6	12.7	2.0	5	19.2	7	26.6
Big V Supermarkets	3	25.7	23.4	0.5	3	16.9	16.7	1.4	3	20.2	5	28.5
Cullum Companies	4	21.4	16.9	1.0	6	12.1	10.2	1.1	10	14.2	6	28.4
Weis Markets	5	20.8	19.8	0.0	2	20.8	19.9	5.3	14	13.1	10	16.4
Niagara Frontier Services	6	19.6	14.1	0.8	5	13.3	10.3	1.3	7	17.5	14	11.7
Giant Food	7	18.8	26.7	0.9	7	11.5	15.3	2.0	16	12.3	8	18.2
Hannaford Bros	7	18.8	21.9	1.2	12	10.4	12.2	1.4	18	11.7	13	13.6
Marsh Supermarkets	9	18.3	16.9	1.2	14	10.2	9.4	1.1	19	11.5	9	16.6
Seaway Food Town	10	17.3	12.2	0.9	10	11.0	8.1	0.9	13	13.3	11	16.1
Pantry Pride	11	16.7	21.3	1.0	8	11.1	12.7	2.0	9	15.5	15	11.4
Weidmann	12	15.1	17.8	0.9	15	10.0	11.6	1.1	12	13.4	12	14.9
Ruddick	13	14.8	14.2	0.6	13	10.3	10.2	1.7	15	12.7	4	30.2
First Natl Supermkts	14	14.7	17.1	1.8	11	10.4	10.7	0.5	2	30.5	16	8.2
Circle K	15	13.8	def	0.9	17	9.7	def	def	6	18.9	20	8.5
Thriftimart	16	13.1	8.0	0.2	9	11.0	7.2	0.9	22	7.2	1	57.0
Godfrey	17	13.0	9.9	0.9	18	9.2	7.6	0.5	17	11.9	18	6.9
Penn Traffic	18	12.7	9.8	0.5	16	9.9	7.8	1.1	8	16.3	19	5.5
Pueblo International	19	11.8	11.5	1.0	19	8.2	8.5	0.9	27	–6.0		D–P
Fisher Foods	20	11.3	6.3	0.6	21	7.4	7.7	0.8	25	0.3	22	–2.2
Arden Group	21	9.8	10.1	1.2	22	6.8	7.3	0.6	28	1.7		D–P
King Kullen Grocery	22	8.4	9.4	0.0	20	8.0	8.9	0.6	11	13.6	17	7.3
Mayford	23	8.0	19.9	0.8	23	5.6	10.6	2.1	24	2.7	21	0.9
Shopwell	24	7.3	12.9	1.5	24	5.6	7.5	0.5	21	9.3		D–P
Foodarama Supermkts	25	3.4	4.5	0.7	25	4.7	5.6	0.2	23	5.4	24	–17.1
Borman's	26	3.3	11.3	1.0	26	4.0	8.4	0.4	20	10.7	23	–4.4
Allied Supermarkets	27	def	15.6	0.2	27	def	12.7	0.8	29	–8.7	26	D–D
Pantry Pride	28	def	NE	2.2	28	def	6.8	0.8	28	–8.7	25	P–D
Bruno's		**	36.2	0.4		**	24.8	2.3	4	19.9‡‡	2	34.2‡‡
Medians		14.7	14.2	0.9		10.1	10.2	1.1		13.7		12.7
Industry medians		**16.4**	**16.9**	**0.9**		**10.3**	**10.7**	**1.1**		**13.1**		**14.0**
All-company medians		15.9	15.7	0.6		11.0	9.1	1.1		13.5		12.3

Note: Explanation of Yardsticks calculations on page 50.
‡‡Three-year growth. P–D: profit to deficit. D–D:deficit to deficit. D–P: deficit to profit; not ranked. def: deficit.
**Not available; not ranked. NE: Negative equity.

Downsizing isn't confined just to the smokestack industries. Consider the retailing business, where the scramble to open new stores may be over for a while.



General retailers

By Richard Greene

RETAILERS AROUND the country are finally learning a lesson that Dayton-Hudson and a few of the leading chains have known for years: The mad scramble to put up new stores is not only expensive but also dangerous. Nearly every major chain has cut back or even done a complete turnabout. J.C. Penney, for example, has 20 fewer stores than last year. Even K mart has cut down; only 70 or so new K marts opened in 1982, compared with 171 in 1981 and 199 the year before.

What's more, some chains are also cutting back on new-store size. Says Howard Hassler, senior vice president of New York-based Allied Stores, "In the early 1970s we were building branch stores up to 200,000 square feet. Now, they're half that."

What's going on? Some of the downsizing is clearly from the recession. But many retailers say it goes deeper—a major trend away from maximizing sales and toward maximizing return on investment. That's hardly a new idea in many industries, but a bit startling in retailing.

Dayton-Hudson, of course, has held these views for some time. "Return on investment is ingrained in all our systems," says chief financial officer Tony Shull. "In the department stores of old, few people looked at the whole balance sheet—at credit sales, receivables, lease obligations. We forced our managers to look at these things. If they want to put more inventory on the shelves, for example, that's going to impact the return on investment for a store." Senior management pays attention because D-H's bonuses are largely based on ROI.

Part of retailing's new view is realizing that leasing commitments are real commitments. "Until recently, retailers could expand with leasehold commitments," says Saul Reibstein, a partner and retailing consultant for accounting firm Laventhol & Horwath. "They could utilize a great deal

General retailers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Department stores												
Dayton-Hudson	1	23.3%	15.4%	0.4	1	17.9%	12.4%	3.4%	2	19.0%	1	20.8%
R H Macy	2	18.8	19.6	0.3	2	13.1	14.4	4.7	5	12.0	1	20.8
Mercantile Stores	3	15.4	16.3	0.3	3	12.2	13.0	4.7	4	12.4	3	13.0
Federated Dept Stores	4	13.9	11.1	0.3	4	11.7	9.2	3.0	7	10.6	7	7.9
May Dept Stores	5	13.8	13.5	0.5	6	9.6	9.4	3.7	10	9.9	5	8.4
[illegible]	6	12.3	10.9	1.2	11	7.0	6.3	2.2	7	10.6	4	10.6
Allied Stores	7	12.2	9.8	0.8	8	6.8	6.7	2.5	12	7.6	8	7.0
J C Penney	8	12.0	13.6	0.5	5	9.8	10.4	3.4	11	8.2	9	8.9
Carter Hawley Hale	9	10.7	5.0	1.0	10	6.2	4.3	1.1	6	11.4	10	5.7
Carter Hawley Hale	10	10.2	5.7	0.9	13	6.7	4.5	1.2	3	15.6	13	–0.5
Strawbridge & Clothier	11	10.1	7.8	0.8	12	7.8	6.3	2.5	8	10.1	6	8.0
Sears Roebuck	12	9.8	9.0	0.6	7	8.8	7.6	2.4	13	7.4	12	1.9
Associated Dry Goods	13	9.2	9.6	0.5	9	8.4	7.6	2.1	9	10.0	11	2.6
Alexander's	14	1.2	5.7	1.3	14	2.5	4.5	0.6	14	6.3	14	–27.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Note: Explanation of Yardsticks calculations on page 50.

of off balance sheet accounting. Now, that's no longer possible."

Why? Partially because of the Financial Accounting Standards Board's decision in 1977 that companies must capitalize and depreciate long-term leases. "They couldn't handle the leases off balance sheet anymore," says Reibstein, "so they had to look to existing space for more of their growth."

It's a little like the energy crisis. Once you realize something is a finite resource, you start planning ahead. In the same way, retailers can't simply assume that new, profitable markets will spring up as needed. So they are planning ahead, too. "If you asked a retailer, 'How's business?' in the past," says David Schwartz, a retailing consultant for accounting firm Arthur Andersen, "he'd say, 'It was off a bit yesterday.' They were planning for one season, six months out at the most—not even a full year out. Now they're lengthening their horizons. It didn't used to make much difference; now it does."

What that means is much more attention to operations. Computers, for example. Everybody has them, but some retailers are just now awakening to what computers can do outside of billing and payroll. Computerized inventory control is only the beginning, says Schwartz, the computer can also identify fast sellers for timely reordering and slow sellers for timely markdowns. "The first markdown is always the cheapest markdown," he says. Computers also help retailers transfer goods between stores when there is a different rate of sale.

Dayton-Hudson's Shull
The goal is to maximize return.

J.C. Penney, for example, now has point-of-sale computer terminals in 961 stores, and by 1985 plans to have them in all 1,662. Penney Chairman Donald Seibert says the leaders of the industry in the 1980s will be "the ones which capitalize on the advantages of technology."

Getting more return from each store also can mean cutting back on personnel—admittedly, a risky game. Says Allied's Hassler: "The complaint you hear most about department stores is that the shopper can't get help." It's a delicate balance, says Reibstein, but in many large chains "the number of employees is significantly less than it was three years ago." Even Hassler has been able to cut some 3,000 employees from his 55,000 work force in the last year, in part by paying attention to where they are really needed. "More women are working now, so they have less time to shop," says Hassler. "Instead of being busy on weekdays, you do more business on Friday nights, Saturdays and, for stores that are open, Sundays. So that's when you want salespeople in the stores."

But what happens when times turn good again? Will retailers abandon all these commendable practices and rush out to expand pell-mell?

Says Philip Hawley, chief executive officer of Carter Hawley Hale, "You'll see more willingness, of course, to open more outlets. But this recession has been long enough and deep enough that I don't think there'll be as much additional building as there has been after past recessions. Anyone who looks at the numbers will see that there is no need for more retail square-footage in many markets. So, there may be more building, but it will be in targeted markets. People just aren't going to look only to bricks and mortar for growth anymore." ■

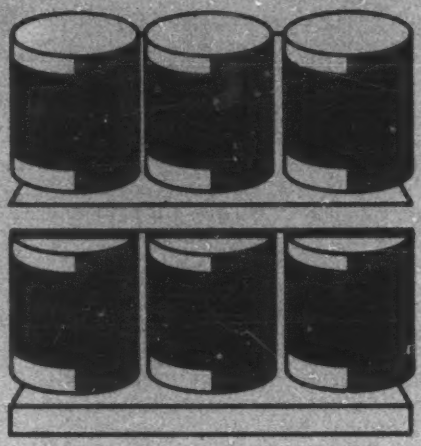
General retailers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Discount & variety stores												
Wal-Mart Stores	1	31.2%	30.1%	0.8	1	20.4%	18.8%	3.3%	1	37.4%	1	33.4%
SCOA Industries	2	29.3	22.3	0.9	2	17.7	14.3	3.0	5	12.9	2	29.3
Heck's	3	17.8	14.0	0.9	3	12.4	9.6	3.5	2	20.1	5	16.5
K mart	4	13.5	8.5	0.9	5	9.6	6.7	1.2	3	15.3	6	6.1
Household Intl	5	12.3	8.9	2.1	8	6.7	5.6	1.8	4	14.6	7	4.4
Zayre	6	11.9	13.8	1.2	6	8.2	9.3	1.4	8	8.4	3	19.8
[illegible]	7	11.2	10.3	0.2	4	10.2	9.4	1.9	11	6.6	4	18.6
[illegible]	8	11.2	0.4	1.8	7	6.8	3.7	0.1	7	11.4	[illegible]	D–P
[illegible]	9	4.6	5.4	0.5	9	4.3	3.6	0.5	10	6.9	9	–10.0
[illegible]	10	3.4	def	0.6	11	3.6	def	def	9	7.3	9	–19.4
[illegible]	11	def	def	1.9	10	3.7	0.4	def	12	3.4	11	D–D
[illegible]	12	def	def	1.7	12	def	def	def	6	12.9	10	P–D
Medians		11.7	8.7	0.9		7.5	6.2	1.3		12.2		6.1
[illegible]		14.8	9	0.6		8.8	7.9	1.3		11.8		7.8
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
P-D: profit to deficit. D-D: deficit to deficit. D-P: deficit to profit; not ranked def: deficit.

The good news for fast food chains is that inflation, in both food and labor costs, is slowing down. The bad news: So is volume.



Specialty retailers

By Richard Greene

BACK IN THE EARLY SUMMER of 1981, the restaurant chain stocks were doing far better than the market as a whole. But in the months that followed, their prices plunged an average of 20%. That downward slide, however, didn't last long. By late last year restaurant chain stocks were at an alltime high, according to the Prudential-Bache index of restaurant stocks. Wendy's, for example, was selling at 15 times earnings, while McDonald's was at 12 and Denny's was at 14.

While such high ratios are out of line with the rest of the market, there's little doubt that this industry has a lot going for it.

It's true, of course, that many of the big restaurant chains have had difficulty keeping their unit volumes from declining. McDonald's has lost about 4% of its per-store volume each year for the last five years, according to Bache analyst Michael Culp. But even if fewer customers have been walking in the doors, there are two bright spots for the year to come, in areas that account for 50% or more of the food chains' cost: food and labor.

According to the Department of Agriculture, food prices will probably rise less in 1983 than in any

Specialty retailers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Drug chains												
American Stores	1	21.8%	23.1%	0.9	5	15.4%	12.2%	1.1%	1	51.6%	4	21.9%
Rite Aid	2	21.6	19.7	0.1	2	19.1	18.1	3.7	7	27.6	3	22.2
Revco D S	3	21.0	19.3	0.2	3	17.7	16.4	3.2	5	19.5	5	20.1
Pay Less Drug NW	4	20.5	18.7	1.0	7	13.5	10.8	2.2	2	23.2	6	17.6
Longs Drug Stores	5	20.1	17.4	0.0	1	20.0	16.9	2.9	8	16.4	10	13.2
Walgreen	6	19.5	22.0	0.3	6	14.4	17.4	2.8	11	7.8	1	23.2
Jack Eckerd	7	19.1	14.6	0.0	4	17.6	14.4	3.4	3	21.2	9	16.0
Nordstrom	8	17.9	16.1	0.7	8	12.8	11.1	4.2	4	20.1	7	16.7
Peoples Drug Stores	9	16.0	15.5	0.6	9	12.7	12.4	1.5	9	13.5	2	23.0
Thrifty Corp	10	15.0	15.4	0.8	10	10.9	11.1	1.6	10	11.6	8	16.1
Fay's Drug	11	13.8	8.0	1.3	11	10.2	6.4	1.3	6	18.6	11	6.3
Medians		19.6	17.4	0.6		14.4	12.4	2.8		18.6		17.6
Fast food chains												
Wendy's International	1	36.8%	20.8%	0.5	1	23.4%	14.7%	7.2%	1	53.1%	1	35.5%
McDonald's	2	23.3	21.5	0.7	2	18.4	13.2	11.0	4	16.0	3	20.0
Marriott	3	19.8	20.8	1.2	5	10.5	10.2	3.8	3	18.3	2	26.4
Denny's	4	18.9	18.2	1.1	3	10.8	11.0	3.9	7	20.5	4	13.4
Sage	5	14.1	21.3	0.5	4	10.6	14.8	1.9	5	15.8	5	8.7
Jerrico's Restaurants	6	def	def	91.9	6	def	def	def	6	10.4	6	P–D
Medians		19.4	20.8	0.9		10.7	12.1	3.9		18.2		16.7

Note: Explanation of Yardsticks calculations on page 50.
P–D: profit to deficit. def: deficit.

year since the mid-1970s. (Bad luck for farmers, good luck for consumers.) Last year was pretty good, actually, with only about a 5% rise in food costs, compared with 6.5% for the Consumer Price Index as a whole. But this year should beat even that. Compare that with an increase in food costs of almost 11% in 1979. Especially good news is the fact that one food product expected to have a particularly small price increase is beef—a mainstay of the fast food menu.

On the labor front, there's equally good news. The minimum wage has been stable for a year, at $3.35, even as prices the fast food chains charge have been rising. Moreover, there's even a chance the minimum wage will be cut for teenagers in the coming summer. For the fast food chains, which have a significant percentage of their payroll in such young employees, that would mean even less pressure on margins.

McDonald's, big-city style
Trying to get more customers.

Naturally, the proposal to cut the minimum wage, which came from a council of President Reagan's cabinet members, is running into considerable flak from the AFL/CIO, among others. But if unemployment remains at current high levels for a while, the possibility of a reduced minimum wage will increase.

You can put it this way: Disinflation is in the air and disinflation, if it doesn't get out of hand, can be a good thing for restaurants.

All that still leaves the problem of decreasing numbers of customers—market saturation. The chains are making intense efforts to pick up any market share they possibly can through games, contests and, most recently, combative advertising.

Is the market really saturated? In a recession, it certainly seems that way. But what happens in a turnaround? Says Randell Smith, a financial researcher for the accounting firm of Laventhol & Horwath, "Every time anyone looks at the industry, he talks about saturation. But when the recovery comes, you'll see a resurgence of people going into chains instead of eating at home. Now that they have their costs more in line, that should make for some pretty impressive earnings figures." ■

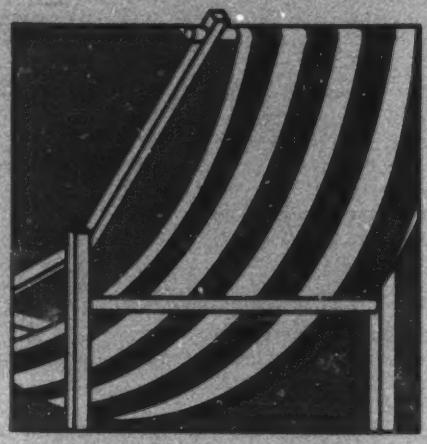
Specialty retailers

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Other specialists												
Tandy	1	48.5%	33.9%	0.2	1	28.0%	28.7%	11.1%	5	20.5%	2	37.5%
Toys "R" Us	2	28.7	22.6	0.4	5	18.2	18.1	6.0	3	26.8‡‡	3	32.0‡‡
Avon Products	3	27.7	19.0	0.0	2	27.3	19.5	6.7	12	13.0	16	7.8
Melville	4	26.6	21.6	0.2	3	25.0	20.0	4.2	6	18.8	7	18.7
Petrie Stores	5	24.9	19.2	0.0	4	24.7	19.0	7.9	14	11.5	14	11.2
[illegible]	6	23.4	17.3	1.1	7	15.4	13.3	2.2	1	38.9	6	20.6
Edison Bros Stores	7	20.1	10.3	0.2	6	16.6	8.9	2.9	13	11.8	13	12.9
Payless Cashways	8	20.1	20.0	0.6	8	15.4	13.9	3.6	2	28.1	5	21.3
Best Products	9	17.4	8.7	1.2	13	10.6	6.7	1.4	4	24.7	12	13.2
Brown Group	10	16.6	17.2	0.3	9	13.7	14.4	4.3	16	9.5	8	17.6
Gordon Jewelry	11	15.7	10.9	0.5	10	13.2	9.4	4.4	8	17.7	9	15.7
Morse Shoe	12	14.2	4.9	0.5	11	12.5	4.9	1.3	11	13.9	11	13.3
Levitz Furniture	13	11.8	4.2	1.0	15	7.8	4.6	1.2	19	6.1	10	15.3
Zale	14	11.7	1.1	0.3	12	10.6	2.3	0.5	17	7.5	15	9.2
ARA Services	15	11.5	7.8	0.4	14	8.9	6.6	1.4	10	14.4	17	4.6
General Host	16	11.0	15.2	1.8	16	7.3	9.1	2.1	20	-2.6	4	37.6
Pittston	17	7.9	7.7	0.2	17	6.6	6.4	2.1	15	9.8	19	-15.0
Beneficial Corp	18	5.2	def	3.4	18	5.2	3.3	def	18	7.1	18	-14.2
Genesco	19	4.4	def	1.7	19	4.7	0.5	def	21	-6.4		D–P
Wickes Cos	20	def	def	12.4	20	def	def	def	7	18.4	20	P–D
Dillingham		**	8.3	0.8		**	7.0	1.8	9	15.4‡	4	28.3‡
Medians		**16.3**	**10.3**	**0.4**		**12.9**	**8.9**	**2.1**		**13.9**		**14.3**
[illegible]		[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]		[illegible]
All-industry medians		**15.9**	**12.7**	**0.4**		**11.0**	**9.3**	**3.4**		**13.3**		**12.3**

Note: Explanation of Yardsticks calculations on page 50.
‡Four-year growth. ‡‡Three-year growth. P–D: profit to deficit. D–P: deficit to profit; not ranked.
def: deficit. **Not available; not ranked.

Nevada casinos are feeling the recession, to be sure, but they remain splendid cash cows. Atlantic City, meanwhile, keeps on growing.



Leisure

By John Merwin

In 1983 Atlantic City is likely to surge past Las Vegas in the win column, the equivalent of revenues in the casino business, to end the latter city's 25-year reign as gambling's crown jewel. For Atlantic City, it is a truly remarkable performance. Barring World War III or some other inconvenience that keeps people out of their cars, gamblers this year will probably leave nearly $2 billion in Atlantic City's nine casinos, perhaps $100 million more than will be dropped in Las Vegas. Despite its considerable shortcomings—scarce parking, humdrum casino-hotels and bombed-out urban surroundings—Atlantic City will continue cashing in on three big advantages: proximity, proximity and proximity. More than 50 million people reside within a day's drive of Atlantic City. That's three times the number within the same distance of Las Vegas.

More significant than the surging win-total itself is the fact that Atlantic City's gambling growth is real, not a statistical illusion. For a time doubters attributed Atlantic City's burgeoning win to increased floor footage, as one casino after another opened rapidly in 1980-81. But more than a year after the ninth and last casino opened—the Tropicana, on Thanksgiving Day, 1981—the win continues to swell. At two of Atlantic City's leading casinos, Golden Nugget and Harrah's, some slot machine and table-game wins today equal those recorded at Resorts International back in 1978, when Resorts was the only casino in town.

Expenses are high in Atlantic City compared with Las Vegas, leading some casino executives to poor-mouth the 15% or so pretax margins. "Drug companies do better than that," says Resorts Executive Vice President Steve Norton. But look at the return on investment for some of Atlantic City's properties. Resorts' $110 million is returning about 35% annually, pretax. Caesars gets back nearly 30% on its $110 million, while Golden Nugget and Harrah's are returning nearly 25% on about $150 million. By contrast, Las Vegas returns lately have run closer to 10%.

Reasons for this high growth? When Resorts opened in Atlantic City, only a tiny portion of Easterners indulged in casino gambling. Each month that percentage of the 50 million-plus population grew larger, along with the month-to-month win figures, as tides of bus-riding gamblers flowed in each day. At the high-roller

Leisure

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Hotels and gambling												
Resorts Intl	1	40.3%	14.8%	0.7	1	30.8%	10.4%	8.8	1	46.2%	2	80.2%
Hilton Hotels	2	25.5	17.6	0.2	2	18.6	14.2	15.6	7	8.2	3	29.1
MGM Grand Hotels	3	22.3	12.0	1.1	3	11.3††	8.2	6.3	4	13.7‡	6	11.3‡
Caesars World	4	2..9	0.6	1.3	6	9.8	4.2	0.1	2	29.3	1	91.8
[illegible]	5	19.8	20.8	1.2	4	10.5	10.2	6	3	18.3	5	[illegible]
Holiday Inns	6	12.6	6.3	0.8	5	10.2	7.7	5.2	6	8.3	4	12.4
Del E Webb	7	5.8	def	1.1	7	4.0	4.0	def	8	6.0	7	3.4
Ramada Inns	8	0.6	def	1.9	8	3.3	0.9	[illegible]	5	11.5	8	37.7
Medians		20.9	10.2	1.1		10.4	8.0	4.5		12.6		19.4

Note: Explanation of Yardsticks calculations on page 50.
††Three-year average. ‡Four-year growth. def: deficit.

Blackjack tables in Atlantic City
Expenses may be high, but returns on investment are surprising even optimists.

end, eastern gamblers who once flew first class to Las Vegas are driving instead to Atlantic City, risking perhaps $2,000 a day instead of $10,000 a day at Las Vegas. "For gambling $2,000 a day in Atlantic City, you can be treated like a king," says Steve Hyde, president of Greate Bay Casino Corp., owner of Atlantic City's Sands Hotel.

"The key to success in Atlantic City," explains Hyde, "is moving 7,500 to 15,000 patrons through your place every day. Without them you won't pick up the slot win—about 50% of the win here—and that's your base. The whole concept is volume." To draw that volume, Hyde says, a casino has to go after particular markets. "We went after Philadelphia," Hyde says. "We used saturation mailings, plus Philadelphia prize fighters and Philadelphia-oriented entertainment." Result: Atlantic City's most impressive turnaround. The Sands in just one year went from a big loser to one of the city's top properties.

Not everyone in Atlantic City is in the chips. Bally and Ramada's Tropicana each managed to spend more than $300 million on their developments. Though both casinos may eventually do well, they aren't likely to score the gilded returns of less expensive properties. Caesars' president, Terry Lanni, figures $30 million of interest charges is about all an Atlantic City property can carry these days and still show superb returns. That suggests a capital-investment limit of about $150 million to $200 million. Lanni, who hopes to start construction on a second Caesars Atlantic City hotel later this year, presumably has such a limit in mind.

Caesars isn't alone in planning to expand in Atlantic City. Harrah's, a Holiday Inns subsidiary, already has a new Boardwalk hotel under construction, and both Resorts and Golden Nugget are looking at second sites now. Hilton, a major Las Vegas player, is dusting off its Atlantic City plans.

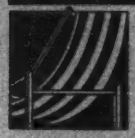
The market seems able to take it, and so does the peculiar labor market of casinos, where state regulators must license all personnel in the casinos. Thus, even if several hotels do open in 1984-85, there shouldn't be the madcap bidding war for licensed employees that occurred in 1980-81, slashing profits sharply; today there is a surplus.

The only remaining test of Atlantic City's staying power is occurring right now, in the winter of 1983. In previous winters most casinos there either lost money or barely turned a profit, in part because of their inability to adjust to slow wintertime volume. Now casinos such as the Golden Nugget are running revenue figures through a computer each payroll period which, in turn, spews out staffing suggestions for the next period. If Atlantic City can successfully overcome the winter doldrums this year, there won't be much left for skeptics to fret over. Says a confident Steve Wynn, chairman of the Golden Nugget, "Seasonality will become less and less of a factor here. Cold doesn't make much difference, just snow," Wynn says. "Remember, gambling isn't an outdoor sport."

For the first time in years Las Vegas is feeling a recession, which has drawn a lot of the-party's-over-type headlines. The traditional 15%-a-year growth has ended in the desert kingdom. Growth in the win figure in recent months has sagged to about 5%. Nevertheless, that's a lot better than most American industries.

Las Vegas' days as gambling's biggest winner may be numbered, but last rites shouldn't be read just yet. Casinos are splendid cash cows. Example: Last year, even though Caesars World reported its worst continuing operation income in years, $9.6 million, it had a $44 million cash flow from its Nevada and New Jersey hotels. MGM's net fell under $20 million, but cash flow, boosted by $22 million in fire-related tax benefits, reached nearly $65 million.

Consider, too, that although Las Vegas and Reno have been hammered by the worst recession since the Thirties, the Nevada casinos have managed to hold their own despite Atlantic City. Before Atlantic City opened in late 1978, Nevada casinos were winning $2 billion a year. Today they are winning about $2.7 billion. After three years Atlantic City casinos are



taking in $1.5 billion. In total, that's a market expansion from $2 billion to $4.2 billion in only four years.

If nothing else, the recession should instill some self-discipline in Las Vegas operators. For years they have been throwing up rooms, relying on 15%-a-year growth to fill them. Now, says the Nugget's Steve Wynn, "this recession is going to make conservative guys out of a lot of swingers."

A clear case of overexpansion can be found at Caesars Palace, once among the most profitable casino-hotels on The Strip. Caesars has the same number of visitors it had a year ago, but on average each is playing less, particularly the wealthy Mexicans once so prominent among high rollers there. "I'd be happier to have a 25,000-square-foot casino today," says Caesars' President Terry Lanni, "and 1,200 rooms." Instead he has a 60,000-square-foot casino and 1,700 rooms, with all the attendant costs.

Las Vegas visitor counts are off only about 1% through 1981-82. But because of sizable hotel expansion, occupancy rates were down sharply last spring and summer, to about 77%, from 83% the previous year. Several years ago occupancy rates among The Strip's best hotels topped 90%. So even though Las Vegas business isn't bad by recession standards, its failure to be excellent is likely to cause casino turnover this year among those who figured a high growth rate in projecting new room construction.

If Las Vegas has a cheerleader these days, it is MGM Grand Chairman Al Benedict, who presides over 2,800 rooms in Las Vegas and 2,000 in Reno, plus jumbo casinos in both places. In the last decade MGM has invested $442 million in Nevada properties. Last year the company turned in a profit of only $33 million, pretax, and a cash flow of $65 million on $317 million in revenues.

That pales beside some of the returns in Atlantic City, but Benedict insists Nevada is the place for MGM. "I've lived in this industry for 30 years," he says. "We went through this in the late Fifties and early Sixties. We had hotel failures similar to what we're having today at some of the smaller places. But our bookings for January, February and March are up a little over last year. We're very high on Nevada."

Benedict had better be. He says he has no current plans to build on MGM's land in Atlantic City, citing the high cost of "buying the business there"—bringing in gamblers by bus. MGM also owns land in Massachusetts, but Benedict's optimism about casino gambling's being legalized there has faded. Benedict says he hopes MGM's liability suits, remaining from the hotel's 1980 fire, will soon be settled, freeing the company from fiscal restraints. Given Benedict's lack of interest in Atlantic City, what will that freedom bring? When Nevada's gaming revenues rebound, MGM will use more of its cash flow to accelerate a long-term stock buyback plan. That's hardly as exciting as building a $200 million Atlantic City hotel, but in time it might serve the shareholders well, as Las Vegas moves from star to supporting role. ■

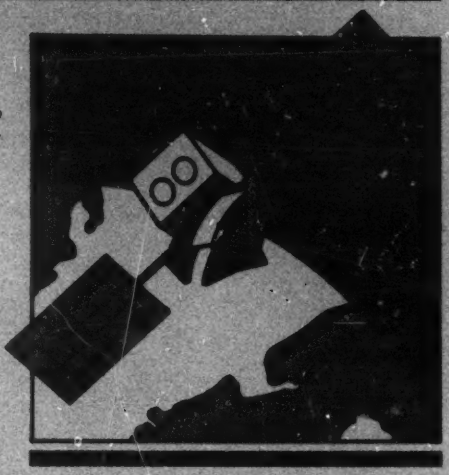
Leisure

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Entertainment												
Warner Communications	1	29.3%	25.0%	0.2	1	21.5%	22.0%	7.6%	2	25.6%	1	32.5%
General Cinema	2	22.6	25.7	0.8	3	14.0	15.4	5.8	3	16.4	2	19.8
MCA	3	17.5	16.2	0.0	2	16.0	15.6	10.2	4	12.9	4	11.1
MGM/UA Entertainment	4	14.5††	9.8	2.3	4	11.6††	6.9	3.4	1	27.3‡	5	6.1‡
Walt Disney	5	11.9	8.4	0.1	5	10.9	8.0	9.7	5	12.0	3	12.3
Median		17.5	16.2	0.2		14.0	15.4	7.6		16.4		12.3
Recreation												
Tandy	1	48.5%	33.9%	0.2	1	28.0%	28.7%	11.1%	3	20.5%	1	37.5%
Bally Manufacturing	2	25.7	23.1	0.4	2	19.4	19.3	8.1	1	31.4	2	33.2
Brunswick	3	23.1	72.4	0.5	6	13.0	30.9	23.0	10	6.5	4	21.7
Eastman Kodak	4	20.0	16.3	0.0	3	18.9	15.4	10.7	6	12.7	7	11.1
Milton Bradley	5	17.6	10.2	0.1	5	14.9	9.6	5.3	4	15.4	5	18.7
Mattel	6	17.2	29.9	0.6	4	15.7	20.7	5.8	2	21.9	3	25.0
American Greetings	7	15.0	15.2	0.6	7	11.4	10.5	5.3	5	14.7	6	13.0
AMF	8	10.8	7.5	0.4	10	8.2	6.2	2.9	11	4.8	10	0.3
Fleetwood Enterprises	9	9.9	14.7	0.0	8	9.9	14.6	2.4	8	9.9	8	1.6
Skyline	10	9.3	5.5	0.0	9	9.3	5.5	2.4	12	5.7	9	0.4
Outboard Marine	11	7.6	11.2	0.4	12	6.6	9.0	4.4	9	6.8	12	-3.2
Polaroid	12	6.8	3.4	0.1	11	7.0	3.7	2.4	7	10.3	11	-0.7
Medians		16.1	15.0	0.3		12.2	12.6	5.3		11.5		12.1
Industry medians		17.5	16.2	0.2		14.0	15.4	7.6		16.4		12.3
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
††Three-year average. ‡Four-year growth.

The more AT&T looks at its divestiture agreement, says one well-placed observer, the more unfavorable it appears. For competitors, of course, it's the chance of a lifetime.



Telecommunications

By Joan A. Briggs

A THREE-TO-FOUR YEAR window of opportunity . . . the kind of thing that could happen only once in a lifetime." That's how Amy Newmark, C.J. Lawrence's astute telecommunications analyst, assesses the industry situation with the breakup of AT&T now in progress. As the giant company proceeds to restructure itself and to decide which markets it wants to emphasize, which to deemphasize, smaller rivals are moving quickly into markets once beyond them. Their challenge is to get big enough fast enough to assure their long-term success before AT&T can respond.

This race against time is the reason behind a good many of the acquisitions and joint ventures in telecommunications of late. Examples: E.F. Johnson, a manufacturer of cellular radio equipment, being acquired by Western Union; Mitel joint-venturing with both IBM and Scientific-Atlanta; Northern Telecom joining forces with Sperry Corp. and also General Electric. "There seems to be a realization throughout the industry that in the future you are going to have to be either a large, financially strong company or a small, highly specialized one to survive," says Newmark. Other companies are sacrificing profits in the short run for market share, Newmark adds. Rolm, for example, is less profitable than it might be because it is building share in the PBX market. GTE is living with losses at Telenet, its packet-switching subsidiary, for the same reason. The new AT&T is free to get into these fields, and the idea is to become as entrenched in the market as possible before, or if, it chooses to do so.

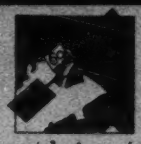
No one can know for sure, of course, how the market will actually shake out, but plenty of people already are placing their bets. In some areas AT&T is a certain loser. "The more the company looks at the agreement, the more unfavorable it appears," says Kenneth Bosomworth, president of International Resource Development, Inc., a market research firm. Once the operating companies have been spun off to shareholders, the company will be left with its Long Lines division, which has 96% of the interstate long-distance market, with Western Electric, which provides

Telecommunications

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
MCI Communications	1	29.4%†	56.2%	1.6	1	15.8%	22.6%	17.9%	1	58.4%‡		D–P‡
Centel	2	18.0	17.5	0.9	3	7.9	7.7	9.8	2	18.2	1	8.9%
United Telecom	3	17.7	13.5	0.9	2	8.1	6.9	8.0	4	14.4	3	8.0
Continental Telecom	4	14.7	14.7	1.0	5	7.6	7.5	8.3	3	16.1	5	6.9
GTE	5	14.3	13.1	1.0	6	7.4	7.8	6.6	7	10.7	6	6.0
American Tel & Tel	6	13.1	12.9	0.7	4	7.6	7.3	11.6	6	11.8	4	7.7
So New England Tel	7	12.7	12.2	0.6	7	7.2	6.9	9.0	5	12.1	2	8.5
Western Union	8	5.7	9.9	0.8	8	5.7	7.6	7.9	8	7.4	7	4.0
Industry medians		14.5	14.1	0.9		7.6	7.6	8.7		13.3		7.7
All-industry medians		13.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

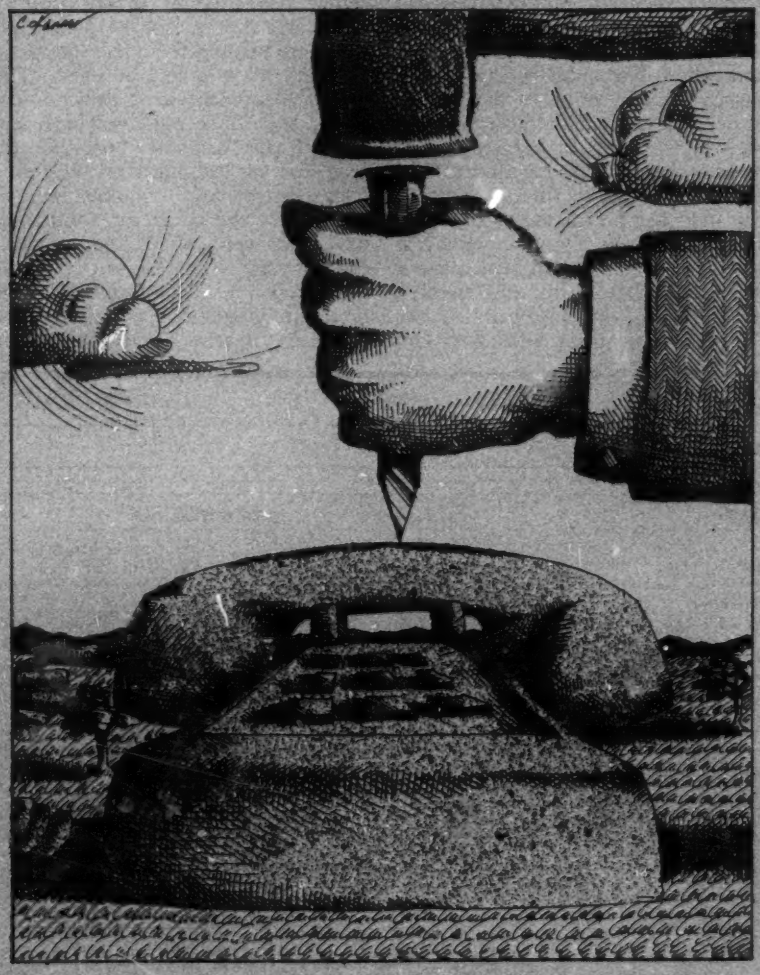
Note: Explanation of Yardsticks calculations on page 50.
†Four-year average. ‡Four-year growth. D-P: deficit to profit; not ranked.



equipment for 30% of the business market and 70% of the residential market, with highly regarded Bell Labs and with American Bell, its new, unregulated subsidiary.

The AT&T division most vulnerable, clearly, is Western Electric. The company traditionally has supplied transmission and switching equipment to the operating companies. Now, these once-captive customers will be free to choose whatever equipment they want. "There's no doubt they'll be shopping around, looking at what such rivals as Northern Telecom, L.M. Ericsson and Phillips have to offer," says Bosomworth. "There's only one direction Western Electric's share of this market can go, and that is down."

Western Electric's position in so-called customer premises equipment—telephones, PBXs and key systems—is likely to erode, too. The company has been losing market share in this area since the 1968 Carterphone decision, which allowed non-Bell equipment to be attached to the phone lines. More market share losses followed a 1976 decision, which said that rival equipment would not blow up the phone system, thereby refuting Bell's contention that interface devices were essential. According to Steven Chrust, telecommunications analyst at Sanford C. Bernstein, Western Electric's share of the business market for telephone equipment dropped from 75% to 30% in about eight years.



The list of Western Electric's competitors in this market is still expanding. In addition to old rivals Rolm and Mitel and Harris—the interconnect companies, still there and feistier than ever—there will now be the local operating companies, Ma Bell's own children, so to speak, raising a hand against their parent. They won't be manufacturing equipment, but they will be allowed to market it to customers. They can choose to offer equipment made by Western Electric or that made by anyone else. Despite the fact that AT&T's American Bell subsidiary will be selling Western Electric gear, Western Electric will be hard pressed to maintain the market share it has left.

No Bell competitor is strong in all market segments. Mitel, for example, dominates the small PBX market, while Northern Telecom is powerful in the large PBX market. Anaconda Ericsson rates high in the hotel/motel market. "If I were head of a local operating company and a customer needed a small PBX, I wouldn't hesitate to sell Mitel equipment," says Bosomworth by way of illustration. "If he wanted a hotel/motel system, I would feel perfectly comfortable selling Anaconda Ericsson."

Nor do all market segments show the same promise. Dramatic growth is probably over in the business market for customer premises equipment. It grew between 20% and 25% a year from 1975 to 1981, according to Chrust, but he foresees a more moderate rate of growth, only 8% to 10% a year, through 1987.

The residential market, in contrast, is likely to take off. Competitors are already positioning themselves. Mitel, for example, has a product that provides home or apartment dwellers with many of the features once available only in offices—automatic redialing, for example. Rolm and Anaconda Ericsson are keenly interested

in this market. The Bell operating companies will try to sell customers what's already out there in order to get their money back, but customers are likely to realize fairly quickly that that equipment is obsolete. If they don't, the manufacturers will surely mount advertising campaigns to tell customers so. The upshot is this: Western Electric is bound to lose a sizable chunk of its 70% residential market share.

American Bell will now be able to sell Western Electric equipment to the independent phone companies who were encouraged to buy non-Bell equipment before. But it's not at all sure they will be eager customers. The company's digital equipment, according to some authorities, is by no means state of the art. When will it be? That remains a mystery. According to Bosomworth, the industry has been expecting Western Electric to unveil a new product line for over a year. "People are speculating," he says, "that something has gone wrong."

The only equipment market that may remain relatively immune from competitive pressures is that supplied by GTE's Automatic Electric. In theory any equipment maker, including American Bell, can go after GTE system telephone companies, but in practice it has always been a captive market and is likely to remain so.

The other segment of AT&T that seems a sure loser in the new environment is Long Lines. Until now long-distance customers have been automatically connected by Bell's Long Lines division, unless they dial some extra digits to get on MCI, Sprint or another of the discount carriers. But under the consent decree, Kenneth Bosomworth points out, local phone companies may not automatically or preferentially connect long-distance dialers to Long Lines. Callers will have to select a long distance service each time they dial.

How the process will work in the future has not yet been determined, but Bosomworth says there's a precedent that's very scary for AT&T and very bullish for MCI. In the international record (telex) market, long divided between ITT, RCA and Western Union International (now an MCI subsidiary), total market share was split on the basis of the preferences expressed by a few customers. Thus if 20% of customers chose ITT 45% of the time, RCA 45% of the time, and WUI 10% of the time, the entire market was divided 45-45-10 among the three. It seems unlikely such a formula would be applied to the long distance telephone market, but the possibility apparently exists. It could prove devastating for AT&T. At the same time it could send MCI stock over the moon.

The long-distance market is also being affected by a July 1981 FCC decision that allows the resale of capacity on both private lines and WATS lines. About 35 so-called resellers have set up shop offering customers long-distance service between certain specified cities at prices not only lower than AT&T can offer but also lower than MCI and its imitators can offer. To the extent that resellers expand the market, of course, AT&T doesn't lose, but to the extent they spin off calls that would otherwise go over Long Lines' facilities, they hurt. Now even such companies as Westinghouse and General Electric, which have vast private networks, are considering getting into the resale business. AT&T's 96% market share can only fall.

Government decisions, of course, have not all been unfavorable to AT&T. The company is being allowed to go into the data processing industry for the first time, and it is planning a major attack on overseas telephone markets, where the growth potential is enormous.

It will also eventually begin to pay closer attention to the markets in which it is currently losing share. When it does, of course, it can bring considerable resources to bear on stemming those losses. The window of opportunity Amy Newmark talks about will surely close. ■

Discounting the discounters

If your office is in a major city, you haven't *had* to use Ma Bell's facilities to call long distance for a long time now. All you had to do was subscribe and you could use the services of one of the discount common carriers, providing of course that the one you chose—MCI, Sprint or City Call—served the point you wished to call.

Now you have even more choices. A slew of outfits has sprung up recently offering deeper discounts, not only on Ma Bell's service but also on that provided by the discount carriers themselves. They're called resellers, and there may be as many as 200 of them. They sprang up like dandelions following a rain of FCC decisions.

Melvyn Goodman, executive vice president of Combined Network, which claims to be the second-largest reseller, with sales of $35 million, estimates there are about 35 companies actually doing business now (300 had originally applied). The largest reseller is Dallas-based U.S. Telephone Communications, which had sales last year of $120 million.

Goodman explains how resellers operate: Step one is to lease a line from a common carrier. Step two is to install a switch, and step three is to solicit subscribers. The point, of course, is to book the line as fully as possible. Subscribers are enticed with prices about 35% below Ma Bell's and 15% to 20% below Sprint's or MCI's. Resellers can offer those prices and still make money because they are leasing lines wholesale and reselling them retail and because they are willing to bill for smaller amounts of time. Combined Network, for example, bills in 6-second rather than 60-second intervals. That means if you talk for 4 minutes and 5 seconds, you'll be billed for 4.1 minutes, not 5 minutes.

The more areas a reseller serves, of course, the more useful its service to all subscribers, and so the race is on. Combined Network, for example, which got started less than two years ago with switches in Chicago, Cleveland and St. Louis, now has 17 locations. U.S. Telephone has 5.

The business does have its limits. It is, as Goodman points out, capital intensive: A 1,000-line switch costs about $1 million, a 4,000-line switch, $3 million. It also depends on the existence of underutilized capacity in the phone networks.

Long term, it also depends on how long regulators keep AT&T's long-distance rates high. If Washington should lower them because, say, of a redistribution of costs between the local and toll systems, the resellers' game must change. It will undoubtedly then become one of numbers rather than speed. After all, the more resellers there are, the louder their voice in the Capitol and the more likely they are to be protected. —J.A.B.

Ah, the year that leads up to leap year. It can be very good, but only if broadcasters finally get their costs under control.

Broadcasting

By Thomas O'Donnell

FOR THE THREE commercial networks, Christmas comes every four years," says Robert Coen, senior vice president of McCann-Erickson, an ad agency. "And late this year is when it's next scheduled to arrive." Next June and July is when broadcasters, large and small, set commercial advertising rates through "upfront" buying for the 1983-84 season, a season that will include two quadrennial blockbusters: a presidential election race and the Olympics. Because ABC has the Olympics this time around, it will be the big winner when it pushes across expected rate increases of about 15% during the often-heated bargaining sessions between advertisers and the networks.

By the time those sessions are over, a prime-time network minute could be approaching $200,000, and everyone will benefit, starting in September. "It's obviously going to be a seller's market this year," says Kidder, Peabody analyst Joseph Fuchs, who expects total broadcast industry revenues to be up by about 13%, to $16 billion, this year.

Not enough of that increased revenue will flow to the bottom line, unless broadcasters get their costs under control. That didn't happen in 1982, which should have been an exceptional year. Advertisers paid 14% more for national time and 11% more for local spots, but most of it was wiped out by costs that escalated by nearly as much. Despite all that spending, though, "there's so little good product around that those who have it are in the driver's seat," says Jack Fritz, president of John Blair & Co., which sells television time to advertising agencies.

There are indications that production costs are indeed now rising more slowly than in the past. For one thing, contracts between networks and production companies written in the inflationary 1970s were at rates much higher than those prevailing now. For another, Hollywood is currently a vast wasteland, with unemployment running close to 25%. So, there's little chance of a long strike such as the one by actors and writers that made 1980-81 a disappointment for broadcasting. Third, network executives have become a lot more hard-nosed. "If a star balks at a deal, he's likely to be shown the door," says Fuchs. "That's a major change."

Another big change would help: elimination of the Federal Communications Commission's "7, 7 and 7" rule, which prevents any one com-

Broadcasting

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Metromedia	1	45.3%	75.6%	1.4	1	21.2%	28.2%	21.2%	5	13.4%	1	38.1%
Capital Cities Commun	2	22.5	20.1	0.2	2	17.9	16.8	14.1	2	20.8	3	22.9
Amer Broadcasting	3	20.6	16.7	0.2	4	16.8	14.0	6.2	4	13.5	4	18.8
Rollins	4	20.3	17.7	0.2	3	17.1	14.7	8.1	3	13.8	5	12.4
CBS	5	17.3	9.4	0.2	5	16.1	7.9	2.9	6	13.1	6	5.8
Ostk Industries	6	15.8	11.1	0.5	6	15.2	11.5	5.0	1	23.9	2	26.6
RCA	7	12.6	9.9	0.9	7	9.9	7.8	2.8	7	9.0	7	8.3
Industry medians		20.3	16.7	0.2		16.8	14.0	6.2		13.5		18.8
All-industry medians		11.9	12.7	0.4		11.0	9.3	3.1		13.0		12.1

Note: Explanation of Yardsticks calculations on page 50.

pany from owning more than seven TV and the same number of AM and FM radio stations. There's a better than even chance the rule will be abolished or the limit raised in 1983. That would allow many broadcasters to invest their surplus capital back into their basic business as well as into new technologies such as cable. Up to now, they have been forced to buy unrelated businesses that have often failed to pan out.

Offering almost as much bottom-line promise is the proposal to abolish syndication and financial interest rules. These prevent broadcasters from owning residual rights to series for which they have put up the financing. Reruns are where the big profits come. This proposal, also said to have a better than even chance of passing, is now awaiting FCC action.

As in 1982, the biggest winners will be the biggest players in the game: the networks and the group broadcasters. Independents and smaller companies posted smaller, though still heavy, gains last year because they were harder hit by the ailing economy. And the pattern will continue in 1983. The reason is simple: National advertisers are still healthy enough to spend big bucks, while local advertisers such as retailers, restaurants and auto dealers are hurting more and cutting back.

Such cutbacks are hitting cable hardest of all. When the networks raised their prices last year, many advertisers simply cut back on money ticketed for cable. Unless the economy picks up soon, advertising may grow at a slower rate than in 1982, when cable ad revenue reached $180 million—up from $150 million a year earlier but well under predictions of $220 million. That was peanuts, compared to broadcasting revenues of over $14 billion.

The recession is cutting into cable advertising for another reason, too. "Much of the advertising is experimental," says Fritz of John Blair. "When times are tough, it's the first thing to go." That means major corporations that have devoted up to 5% of their advertising budgets to cable in recent years could be throwing less into the pot in 1983.

Even pay cable, which makes money by charging customers a monthly fee rather than through advertising, is below expectations. The much ballyhooed idea of selling viewers three or more services—and charging up to $40 per month for them—has so far not become widespread. That's ominous for the continued fast growth of cable because, with the exception of Ted Turner's Atlanta-based superstation, WTBS, movie-oriented pay channels are the only cable services now running in the black. "Pay cable isn't the wonderful, recession-proof business everyone once thought it was," says Goldman Sachs analyst Ellen Sachar.

In a nutshell, cable's unexpected slowdown means the networks are hardly dinosaurs destined soon to disappear. True, last fall the networks' combined share of the prime-time audience fell to 82% from 86% a year earlier. It may even dip under the 80% mark in the near future. But that's still 60 million U.S. homes.

And if the recession wears on, a rebound will almost certainly occur. Why? To get cable and other technological wonders such as home video games, consumers must shell out cold cash. Says analyst John Reidy of Drexel Burnham Lambert: "Commercial broadcasting, on the other hand, is seen as a free service by most." That's obviously important when times are tough, as they are now. "And no matter what happens," adds Reidy, "major advertisers will continue to view commercial television as the mass medium of choice." ■

News: A half-billion-dollar battle

Nowhere is the battle between costs and revenues fiercer than in network news departments. This year the combined budgets of ABC, CBS and NBC news will exceed half a billion dollars.

Alarmed, the networks are trying to hold the line. At all three, news budgets for 1983 call for cost increases of 12% or less. "But it's not certain they'll be able to stay within that figure," says John Reidy of Drexel Burnham Lambert. "News has become as competitive as prime-time programming."

Unless costs are controlled, however, traditionally profitable CBS News (including *60 Minutes*) and recently profitable ABC News could push down profits at the parent companies in 1983. If so, estimates that overall CBS earnings next year will jump from about $5.50 to $7.35 per share, and ABC's from about $5.10 to $6.20 per share, could be a bit optimistic. NBC News has a smaller impact on earnings because its parent, RCA Corp., is larger and highly diversified.

Yet network executives—like all news executives—have little control over news costs, which are more crapshoot than corporate planning. Take a look at 1982, when unpredictable and expensive-to-cover events dominated the headlines: war in the Mideast and the Falkland Islands, rebellion in Central America and Poland.

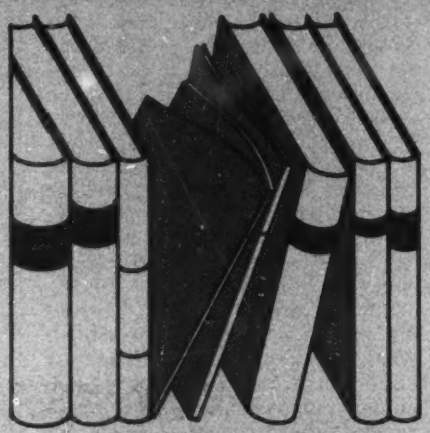
And there is the added cost of late-night news operations, which all three networks expanded last year. Those operations raised total news programming by nearly 80%. ABC went from 17 hours of news per week to 28, NBC from 15 to 22, and CBS from 18 to an unprecedented 40 hours.

ABC's Ted Koppel talks to Yasir Arafat
The late-night beat track.

They were set up largely in response to Ted Turner's 24-hour-per-day Cable News Network, which is slowly creeping toward the black. Turner's road to profitability may have suddenly gotten longer when ABC and Westinghouse jointly put Satellite News Channels, another 24-hour-a-day news operation, on the wire at midyear.

Late night is also a test track for news show formats and new personnel. The fact is, news is a growth industry in television, whatever the margins. Why? "It's something the networks can do better than anyone else," says one analyst. And special information and news shows on prime time are cheaper to produce than adventure series and sitcoms. Yet they can achieve as high ratings and bring in as much money. "If it were not for shows like *60 Minutes* or *20/20*, neither CBS' nor ABC's news operations would be profitable," says Reidy.—T.O.

Transmitting words on a television screen sounds great, but if teletext and videotex are to fly, they must get advertising.



Publishing

By Pamela Sherrid

THE TECHNOLOGY for electronic publishing systems is getting better and better, but what about the economics?

A crowd of media companies, including Knight-Ridder, Field, Cox, Time and CBS, is spending millions on systems with names such as Viewtron and Keyfax. The bet is that TV viewers will want to plug into written news, games or their bank accounts and read them off the home screen. Newspapers may be most at risk, but to the extent the new media take up consumers' time—and advertisers' dollars—they will be competing with everything from TV to billboards.

The new print-on-the-screen systems are of two kinds: teletext and videotex. In a teletext system, the signal piggybacks invisibly on a regular TV broadcast by squeezing between the frames. A limited amount of information, say 200 pages, is continually spewed out in a repeating circle; the viewer can retrieve it by means of a keyboard and display any page he fancies. In a videotex system, on the other hand, which costs five or ten times as much to set up (currently $10 million to $20 million), this retrieval capability is expanded to many thousands of pages because the screen is hooked into a central computer. Videotex can also accommodate two-way transactions—the user can buy an airplane ticket or even groceries.

James Pierson and Michael Tyler of CSP International
One disadvantage: All human faces wind up looking like Pac-Man.

Some electronic publishing systems, such as Dow Jones' News Retrieval Service for business and Mead Corp.'s system for lawyers, have been available for years. But according to Michael Tyler, president of CSP International, a leading consultant, that experience is misleading for publishers looking for a wider market. "A chemical engineer goes into a system looking for every paper on ethylene distillation—and he's happy to pay for it," Tyler points out. "Technical or scientific publications, in whatever media, are typically financed 100% by users." But a mass medium has to entertain as well as inform—yet people won't pay as much for something they don't absolutely need. Thus, a viable mass market in electronic publishing means advertising.

In fact, most companies launching teletext and videotex systems today plan on peppering ads through the information. And in wooing advertisers, electronic publishing is at a distinct disadvantage compared with color magazines and TV, because of the lack of compelling visual display: All human faces wind up looking like Pac-Man. There are a couple of compensating advantages. First, ads can be directed at a very specific audience, because people will only tune in on pages that really interest them. Videotex, in particular, which can hook up to a personal computer, offers not only ads but also the opportunity for the viewer to buy on the spot. And finally, electronic publishing offers the unique ability to measure precisely and immediately how many people view each ad.

Using data from a Times-Mirror videotex test in California and a commercial British teletext system, Tyler and an associate, economist James Pierson, recently tried to figure out what advertisers might be willing to pay. Like all strategic planners, they had to pile assumptions on top of each other. They came up with a range of $1.70 to $4.00 per thousand viewers (CPM), depending on the type of system and ad, as compared with $3.18 for a 30-second TV spot on prime-time network, $5.35 for a full-page color ad in a golf magazine and $125 for direct mail (1980 prices). "The fact that people are willing to spend so much on direct mail campaigns—which we see as similar to videotex in many ways—indicates that videotex should be appealing," Tyler says. If the pictures on videotex ever get up to the quality of a glossy catalog, he thinks, its home-shopping capability could command a much higher price.

An important caveat: Tyler's analysis so far is based on the long-term economics of these systems. It ignores the fact that electronic publishing cannot achieve its full advertising potential until it achieves a critical mass of viewers—a lesson any cable TV operator could tell you. Advertising potential may be fine, but penetration is what counts.

Tyler believes that teletext could have 20% national penetration and videotex 10% by the end of this decade. At those levels, the new electronic media will be able to garner about half of its potential ad revenues on a cost-per-thousand basis, he says. Revenues like that would be only a tiny fraction of total 1990 U.S. ad spending—less than 1%. "That's not something existing media have to lie awake at night worrying about," Tyler concedes. A cloud smaller than a man's hand, you might say. "Electronic publishing won't be a huge business in 1990, but it may be by 2000," Tyler says. Giant newspaper and magazine publishers like Knight-Ridder and Time Inc. want to be involved in the words-on-a-screen business long before then. ■

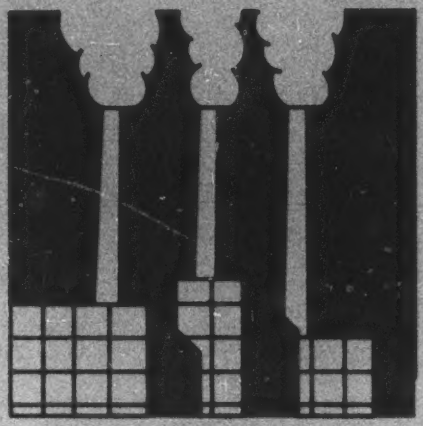
Publishing

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	3-year average	5-year rank	5-year average
Dow Jones	1	32.4%	32.0%	0.2	2	29.4%	26.5%	12.3%	5	17.4%	6	17.1%
Dun & Bradstreet	2	29.9	31.4	0.0	1	30.0	31.5	9.6	10	15.5	6	17.1
Deluxe Check Printers	3	28.3	27.4	0.0	3	26.0	24.6	11.1	11	15.4	5	17.8
Washington Post	4	24.2	22.5	0.2	7	19.3	18.2	6.1	12	14.9	3	20.3
Capital Cities Commun	5	22.5	20.1	0.2	9	17.9	16.8	14.1	3	20.8	2	22.9
McGraw-Hill	6	21.8	21.3	0.0	5	19.6	19.4	9.0	15	12.3	4	18.9
Gannett	7	21.8	21.2	0.1	8	18.0	16.2	12.2	1	24.4	9	16.7
A C Nielsen	8	20.7	22.8	0.1	6	20.1	20.8	6.9	4	19.1	11	15.7
Interpublic Group	9	20.6	15.6	0.1	9	19.2	15.2	3.8	6	17.1	12	14.1
Times Mirror	10	20.3	14.9	0.5	10	16.8	10.9	6.3	7	16.3	8	16.9
Equifax	11	19.2	19.1	0.1	11	16.5	15.9	3.1	17	9.3	17	5.6
Meredith	12	17.8	17.1	0.4	15	12.2	11.5	6.0	9	15.8	1	27.9
New York Times	13	17.1	19.8	0.4	13	14.7	14.7	6.3	16	11.5	14	13.4
Knight-Ridder News	14	16.7	14.0	0.1	12	15.4	12.3	7.4	14	13.4	10	16.0
R R Donnelley & Sons	15	15.5	15.4	0.0	14	13.7	13.1	6.3	8	16.2	13	13.8
Time Inc	16	14.7	11.6	0.3	16	11.8	9.1	4.7	2	23.9	15	11.6
Harcourt Brace Jovan	17	13.7	11.8	0.6	17	9.9	8.7	3.6	13	14.5	16	5.9
Macmillan	18	2.7	11.0	0.2	18	3.3	9.5	4.9	18	0.9	18	-24.6
Industry medians		20.5	19.8	0.2		17.4	15.6	6.3		15.8		16.4
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.

Look for more trimming and belt-tightening as the diversified companies face up to hard times and the end of their inflation game.



Diversified companies

By Steve Kichen

THE PRESENT ECONOMIC downturn is so widespread and so deep as to call into question the very uses of diversification. To be successfully diversified, in theory, is to build stability into profits and planning. The table below shows that the diversified companies, especially the multicompanies, are not living up to that expectation. The five-year average return on equity for the diversified companies is only slightly behind FORBES industry medians, but in the stress of the last 12 months they fell even further behind. Indeed, almost half the diversified firms have a 12-month return on equity of less than 10%. Bangor Punta shows the lowest return—just 1.1%. Chromalloy American is running at a deficit.

The median for the group's 12-month return on equity would be even lower were it not for a few standouts. Northwest Industries, Raytheon, Litton Industries and Whittaker show returns greater than 20%. And perennially strong Teledyne has a 12-month return on equity of 21.9%.

Most of today's diversified firms are coping, not only with little or no sales growth, large amounts of overcapacity and foreign competition, but also with persistent skepticism on Wall Street. Thus, despite an earnings record that many another firm would envy, Litton is trading at 6.5 times estimated 1982 earnings. Gulf & Western and Kidde are priced respectively at 6.4 and 6.1 times estimated 1983 earnings.

This, at a time when even an unspectacular single-minded company like Clorox is selling at 13.5 times

Diversified companies

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Multicompanies												
IU International	1	23.1%†	9.7%	0.8	12	9.9%†	7.0%	1.6%	21	3.9%‡	5	17.1%†
Esmark	2	22.6	14.0	0.6	7	13.5	10.1	2.7	22	–1.8	4	17.9
Minn Mining & Mfg	3	22.4	18.6	0.1	1	19.4	16.4	9.7	5	12.7	9	14.2
American Brands	4	21.7	19.7	0.3	4	15.9	15.1	5.8	9	9.7	2	18.5
American Standard	5	21.4	6.8	0.4	5	15.2	5.7	2.0	15	7.6	1	18.9
General Electric	6	20.4	19.2	0.1	2	16.3	17.7	6.6	7	11.1	11	12.3
Fuqua	7	20.3	17.7	0.2	3	17.1	14.7	8.1	4	13.8	10	12.4
Martin Marietta	8	17.7	11.5	0.2	8	12.9	6.7	3.9	2	16.8	6	16.1
Westinghouse Electric	9	15.6	17.8	0.3	6	13.5	13.4	4.7	18	7.0	3	18.4
City Investing	10	15.2	8.9	1.3	15	9.8	8.7	1.6	1	16.9	7	16.1
Borg-Warner	11	14.7	13.7	0.1	9	12.8	12.8	5.6	12	8.9	8	14.7
FMC	12	13.4	12.3	0.3	13	9.9	9.2	4.4	10	9.5	12	9.3
Union Carbide	13	13.0	7.9	0.3	17	9.2	6.0	4.6	8	10.4	16	4.1
Textron	14	12.7	8.2	0.2	10	10.7	7.4	3.3	19	6.7	17	3.9
RCA	15	12.4	9.9	0.9	13	9.9	7.8	2.8	11	9.0	18	3.2
Household Intl	16	12.3	8.9	2.1	22	6.7	5.6	1.8	3	14.6	14	4.4
Corning Glass Works	17	11.9	3.0	0.2	11	10.4	3.1	2.1	14	7.8	13	7.2

Note: Explanation of Yardsticks calculations on page 50.
‡Four-year growth. †Four-year average.

earnings. Besides breeding shareholder discontent, substantial discounts from the market multiple make such companies vulnerable to takeover and limit their ability to raise new capital through the sale of new stock.

That's why some of the best-known diversified companies are leaning down and cleaning house. RCA, for example, is trying to sell its car- and truck-leasing business. Hertz is definitely for sale. General Electric sold its central-air-conditioning operations to Trane Corp. U.S. Industries, Fuqua, American Brands and Corning Glass Works sold subsidiaries. And after disposing of Harley-Davidson motorcycle, powerboat and sportswear operations the year before, AMF in 1982 sold certain portions of its electronics business and its lawn, garden and wheel goods divisions.

In a fair number of cases, the restructuring of empires built in the 1960s—through spinoffs, leveraged buyouts, consolidation, asset sales and liquidation—amounts to more than mere tinkering. Textron, which pioneered the conglomerate form under Royal Little, has slimmed down from 35 divisions in 1961 to 24 divisions today.

Rolland Williams, an analyst at E.F. Hutton, sees a pattern in a lot of these moves—away from capital-intensive businesses. "The trend will continue

What's a conglomerate?

This year, after considerable wrangling by FORBES editors and statisticians, multicompanies and conglomerates are being carried together under a single banner—diversified companies. By either name, multicompany or conglomerate, a firm must, in general, be in at least four sizable and distinct lines of business to be included.

The multicompany category contains those firms that usually show only limited activity on the acquisition front. Over the last several years most of the growth of these companies, such as it is, has been internal. Koppers is a good example.

Conglomerates, in contrast, are companies that FORBES considers to be still actively acquiring or divesting other firms or holding a number of investment positions in other firms. Teledyne's equity portfolio includes more than 20% of Brockway Glass, Litton Industries and Reichhold Chemicals and more than 50% of Curtiss-Wright. Another active conglomerate, Gulf & Western, has a 20% or larger interest in Amfac, Esquire, General Tire & Rubber, Libbey-Owens-Ford, Mohasco, Munsingwear and J.P. Stevens.

Needless to say, many companies fall on the border between multicompanies and conglomerates. Multicompany General Electric, for one, has recently acquired several small high-technology firms, while conglomerates Scott & Fetzer and Chromalloy American have been largely inactive on the acquisition front.

In this year's survey, 22 firms have been dropped from the diversified companies section, but they still appear in one or more of the other sections of this issue.

Over the last several years these firms have restructured their operations and no longer meet our qualification of running at least four distinct businesses. Among the dropouts: ?vco, Brunswick, Dillingham, GAF, General Tire & Rubber, LTV, NL Industries, SCM, Rockwell International, Sperry and Transamerica.—S.K.

Diversified companies

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
National Distillers	18	11.7%	8.9%	0.2	16	9.6%	7.5%	5.2%	17	7.2%	19	3.0%
Intl Tel & Tel	19	11.2	10.4	0.5	18	9.0	8.1	3.8	13	8.1	15	4.2
AMF	20	10.8	7.5	0.4	20	8.2	6.2	2.9	20	4.8	21	0.3
Koppers	21	10.4	3.4	0.4	19	8.6	4.3	1.7	6	11.7	22	–0.8
Olin	22	9.2	8.9	0.4	21	7.1	6.9	3.8	16	7.3	19	3.0
U S Industries	23	3.6	7.6	0.2	23	4.0	7.3	3.3	23	–4.1	23	–9.7
[illegible]		13.4	9.7	0.3		9.9	7.5	3.8		8.9		9.2
Conglomerates												
Teledyne	1	32.3%	21.9%	0.3	1	23.4%	16.7%	12.5%	19	9.7%	4	35.4%
Northwest Industries	2	26.7	28.0	0.5	4	15.4	15.9	9.7	9	15.8	7	23.1
Raytheon	3	24.4	21.3	0.0	2	23.0	20.7	5.8	8	16.1	9	22.1
Lear Siegler	4	24.2	17.0	0.4	5	15.0	12.9	4.7	12	14.4	8	22.2
Whittaker	5	22.1	20.2	0.4	3	18.2	20.3	4.2	14	13.7	3	56.8
Litton Industries	6	19.5	22.6	0.1	9	14.0	17.4	6.4	24	6.6	1	67.2
Alco Standard	7	19.2	17.3	0.6	8	14.1	12.8	2.2	5	17.2	14	14.5
TRW	8	19.1	14.0	0.2	11	12.5	9.2	3.7	16	12.1	15	10.8
Bendix	9	19.1	9.0	0.3	6	14.9	7.9	3.2	21	7.9	10	17.1
Esmark & Beatrice	10	17.8	15.0	0.4	7	14.1	11.6	4.4	11	14.9	21	8.3

Note: Explanation of Yardsticks calculations on page 50.

to be toward the high-return industries in technology and services rather than the low-return capital-intensive businesses such as cement and zinc that Gulf & Western is getting rid of, for example," says Williams.

While they are at it, a few diversified companies might well be buying back their own shares. Over the last two years at least 10 of the 39 diversified firms did some significant stock repurchasing. Among them: Minnesota Mining & Manufacturing, IC Industries, Esmark, Whittaker, Scott & Fetzer, Fuqua Industries and Northwest Industries. Other things being equal, the tactic automatically boosts per-share earnings simply by reducing the number of shares outstanding. Thus, even if stock prices continue to rise, real laggards such as Chromalloy American, Northwest Industries and AMF might still find it worthwhile to buy back their own shares.

Still, the impulse to merge and acquire remains. Early in 1982 Allegheny International completed the acquisition of Sunbeam, the world's largest maker of small appliances. Signal Cos. is expected to merge with Wheelabrator-Frye *(see p. 130)*. American Brands recently announced plans to acquire Pinkerton. Gulf & Western acquired the domestic hosiery and socks business of Burlington Industries. And, of course, after that noisy battle and stock swap, Allied Corp. *(see pp. 89, 117)* is on the way to controlling all of Bendix and 39% of Martin Marietta.

The restructuring of diversified companies should continue. John Grant, executive vice president of finance and administration for American Standard, thinks many managers will be forced, by declining inflation and lower interest rates, to redefine what their companies are all about. Says Grant: "Firms will be taking a harder look at divestitures and liquidations."

Similar thoughts are reflected by J.F. Bradley, executive vice president of Scott & Fetzer, the Lakewood, Ohio-based conglomerate, "If you are going into a noninflationary period it suggests a time of greater stability, and if financing costs are lower it should open up opportunities for acquisitions and divestitures." However many or few businesses a diversified company runs, Bradley cautions, it will have to run them well. "The inability to raise prices," he says, "will force a lot more emphasis on efficiency, reducing unit costs and increasing product quality." ■

Diversified companies

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Company	5-year rank	5-year average	latest 12 months	debt/equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Bangor Punta	11	17.1%	1.1%	0.6	15	9.8%	2.7%	0.5%	6	16.3%	1	82.3%
United Technologies	12	16.7	13.3	0.3	10	12.7	10.0	3.0	3	22.1	16	10.4
W R Grace	13	16.4	16.8	0.6	12	11.4	10.9	5.5	17	10.4	18	9.0
Ogden	14	16.2	11.5	1.4	19	8.7	6.8	2.8	23	6.9	19	8.5
Figgie International	15	15.9	16.6	0.7	17	9.0	9.8	3.6	22	7.6	11	16.4
Kidde	16	15.6	14.1	0.6	14	10.0	9.4	3.4	10	15.7	13	14.2
Gulf & Western Inds	17	15.6	8.2	0.8	18	8.8	6.7	3.2	15	13.4	22	8.1
Signal Cos	18	14.9	8.3	0.4	13	11.4	7.1	2.7	7	16.2	12	16.1
Allegheny Intl	19	13.7	6.1	0.8	20	8.4	6.2	2.3	13	13.9	17	10.0
Penn Central	20	12.8†	10.6	0.5	16	9.3†	8.0	4.6	1	56.1‡‡	5	31.8‡‡
Amfac	21	12.0	4.6	0.7	22	7.8	4.1	1.1	18	10.2	23	5.8
IC Industries	22	9.9	5.4	0.6	24	6.3	4.5	1.9	4	19.6	20	8.4
Sybron	23	9.7	4.8	0.4	21	7.9	4.7	2.0	25	5.5	24	0.3
Chromalloy American	24	9.1	def	0.8	23	6.7	def	def	20	8.7	25	–6.5
Fuqua Industries		**	18.2	3.5		**	8.2	1.3	2	29.6	6	25.7
Medians		15.6	14.0	0.5		11.4	9.2	3.2		13.9		14.2
Industry medians		15.6	11.1	0.4		10.4	8.1	3.4		10.4		12.4
All-industry medians		15.9	12.7	0.4		11.8	9.3	3.4		12.3		13.1

Note: Explanation of Yardsticks calculations on page 50.
†Four-year average. ‡‡Three-year growth. def: deficit. **Not available; not ranked.

How do the middle-ranking companies in FORBES' industry groups and subgroups compare with one another in sales and profit growth?

Who's where in the industry groups

ARE WE IN THE TROUGH? Look at the tables on the next two pages, rounding up growth and profitability for the 46 industry groups and the 61 subgroups surveyed in this issue. The all-industry median return on stockholders' equity was down to 12.7%. That's the lowest for the FORBES Report on American Industry in seven years, and substantially below the five-year average of 15.9%.

Put it in context, however: A year ago the median ROE was an admittedly higher 14.7%. Then, though, inflation was running at 10%, while over the 12-month period surveyed for the 1982 figures, it averaged only 5.1%, as measured by the Consumer Price Index. The median fell, but inflation fell much faster.

It was a rare industry last year that was able to match its *own* five-year average. Only five did so: oilfield drillers and services, beverages, wholesalers, supermarkets and electric utilities. Electric utilities? Yes, because of the regulatory lag—public service commissions grudgingly giving ground on rates, sometimes nudged along by the courts *(see p. 103)*, while a lessened inflation rate was easing the utilities' costs. Oilfield drillers and services, at the top of the list, is a profitable business by any account. But it was much more profitable during the 12-month period ended Sept. 30 than it has been since.

Within each industry there are some interesting variations. The specialty retailers industry, for example, failed to match its five-year average in median ROE, but the fast-food subgroup did better than drug chains because food inflation last year was lower than general inflation. Similarly, natural gas pipeliners and distributors had a better record than producer-pipeliners or pure distributors.

How do the 46 industries stack up against one another? At the top, after oilfield drillers and services, the enormously profitable tobacco industry, followed by publishing, health care, broadcasting and drugs. At the bottom: airlines, the thrifts, autos and trucks, steel, railroads and apparel. In the middle range there are a few surprises. The brokerage business, buoyed by the rally, ranks 12th in median return on equity, just behind electronics, just below are truckers and shippers. And both outrank the computer industry.

In tracking these industry performances, we use medians rather than averages to avoid distortions because of windfall profits at the top or staggering losses at the bottom. The medians, in effect, typify companies in the middle ranks, and the yardsticks, then, are the means to measure a company against its industry median, and against others in its industry.

Industry medians

Yardsticks of management performance

	Profitability								Growth			
	Return on equity				Return on total capital				Sales		Earnings per share	
Industry	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Oilfield drillers and services	1	21.9%	23.8%	0.4	7	15.4%	14.6%	11.5%	2	22.8%	3	19.5%
Tobacco	2	21.7	19.7	0.3	13	13.5	12.1	5.8	17	15.1	6	18.5
Publishing	3	20.5	19.5	0.2	1	17.4	15.6	6.3	15	15.5	10	16.4
Health care	4	20.4	19.4	0.3	12	13.8	14.4	6.8	9	18.2	2	20.4
Broadcasting	5	20.3	16.7	0.2	2	16.8	14.0	6.2	22	13.5	5	18.8
Drugs	6	20.2	16.8	0.2	6	15.5	14.0	9.6	30	11.8	29	11.8
Office equipment and services	7	19.7	15.0	0.3	4	15.8	12.0	3.4	6	19.9	14	14.7
Office equipment	—	17.7	10.7	0.3	—	14.3	9.0	3.8	—	13.8	—	9.2
Office services	—	23.1	17.1	0.2	—	18.4	15.2	3.4	—	23.2	—	17.5
Toiletries and cosmetics	8	19.1	17.7	0.2	9	15.3	13.1	6.7	29	12.0	25	12.0
Energy	9	18.8	12.1	0.5	17	12.7	8.0	3.6	7	19.7	18	12.9
International oils	—	18.8	10.7	0.2	—	13.9	8.5	3.1	—	17.3	—	12.5
Other oil and gas	—	18.8	12.6	0.5	—	12.8	8.0	4.0	—	22.4	—	14.2
Coal	—	10.0	11.8	0.5	—	6.7	6.9	3.4	—	10.9	—	-6.7
Electrical equipment	10	18.6	15.9	0.2	3	16.6	13.3	5.5	12	15.8	13	15.2
Electronics	11	18.5	12.0	0.3	11	14.9	10.3	5.0	14	15.6	9	17.1
Brokerage	12	18.3	18.2	0.4	7	15.4	16.8	4.3	1	33.8	4	19.3
Truckers and shippers	12	18.3	10.9	0.7	29	10.0	8.1	3.0	30	11.8	30	10.7
Truckers	—	20.9	12.5	0.8	—	10.1	8.5	3.1	—	12.1	—	12.8
Other surface transportation	—	14.8	10.7	0.5	—	9.8	7.0	2.8	—	6.9	—	8.5
Specialty retailers	14	18.1	16.7	0.5	16	13.2	11.1	2.5	10	17.0	11	16.1
Drug chains	—	19.6	17.4	0.6	—	14.4	12.4	2.8	—	18.6	—	17.6
Fast food chains	—	19.4	20.8	0.9	—	10.7	12.1	3.9	—	18.2	—	16.7
Other specialists	—	16.3	10.3	0.4	—	12.9	8.9	2.1	—	13.9	—	14.3
Computers	15	17.9	12.7	0.3	5	15.6	10.9	5.9	3	22.7	1	21.6
Insurance	15	17.9	12.9	0.1	10	15.2	11.0	7.0	20	13.9	8	17.2
Life and accident	—	14.6	11.0	0.1	—	12.9	9.7	7.9	—	11.8	—	10.8
Fire and casualty	—	20.2	13.3	0.1	—	19.3	13.1	6.3	—	15.2	—	20.2
Multiple line	—	19.0	15.7	0.1	—	15.3	14.4	7.2	—	12.6	—	18.4
Aerospace and defense	17	17.7	11.4	0.3	15	13.3	10.2	3.2	19	14.0	24	12.1
Leisure	18	17.5	14.7	0.4	21	11.4	10.2	5.3	27	12.9	21	12.4
Hotels and gambling	—	20.9	10.2	1.1	—	10.4	8.0	4.5	—	12.6	—	19.4
Entertainment	—	17.5	16.2	0.2	—	14.0	15.4	7.6	—	16.4	—	12.3
Recreation	—	16.1	15.0	0.3	—	12.2	12.6	5.3	—	11.5	—	12.1
Beverages	19	17.1	18.0	0.3	23	11.0	11.2	5.2	28	12.3	16	13.2
Alcoholic beverages	—	13.2	10.0	0.2	—	10.2	7.3	5.2	—	8.8	—	11.6
Soft drinks	—	22.6	21.6	0.5	—	15.2	15.6	5.4	—	15.2	—	13.2
Industrial equipment and services	20	16.5	12.8	0.3	14	12.4	9.6	3.9	24	13.2	17	13.0
Production equipment	—	15.9	9.3	0.3	—	13.2	7.6	3.6	—	12.9	—	9.2
Specialty equip, materials	—	15.9	12.9	0.3	—	13.4	10.5	3.9	—	12.6	—	11.0
Industrial services	—	22.5	19.8	0.5	—	14.1	14.5	5.9	—	24.0	—	22.2
Wholesalers	20	16.5	16.6	0.6	19	11.9	12.9	1.3	21	13.6	20	12.7
Food distributors	—	14.9	14.9	0.6	—	10.9	10.6	0.8	—	13.6	—	10.8
Other wholesalers	—	16.9	18.6	0.6	—	13.8	13.3	2.1	—	12.8	—	13.6
Supermarkets	22	16.4	16.9	0.9	27	10.3	10.7	1.1	26	13.1	15	14.0
Major chains	—	18.8	19.3	0.9	—	11.5	11.8	1.3	—	13.3	—	15.0
Regional chains	—	14.7	14.2	0.9	—	10.1	10.2	1.1	—	12.7	—	12.7
Contractors	23	16.0	11.5	0.3	22	11.1	7.6	1.7	16	15.4	7	18.2
Heavy construction	—	16.4	16.0	0.3	—	13.2	12.6	1.8	—	16.1	—	17.5
Home building	—	12.3	def	0.8	—	8.1	1.7	def	—	12.7	—	21.3
Natural gas	24	15.7	15.1	0.7	35	8.9	9.0	4.0	4	20.7	31	9.3
Producers and pipeliners	—	18.7	17.9	0.6	—	9.7	9.2	4.2	—	25.2	—	13.1
Pipeliners and distributors	—	20.3	21.6	0.5	—	10.5	10.7	5.7	—	22.4	—	11.7
Distributors	—	13.7	12.1	0.7	—	8.0	7.6	3.2	—	19.0	—	7.8

Note: Explanation of Yardsticks calculations on page 50. def: deficit.

Industry medians

Yardsticks of management performance

	Profitability							Growth			
	Return on equity				Return on total capital			Sales		Earnings per share	
Industry	5-year rank	5-year average	latest 12 months	debt/ equity ratio	5-year rank	5-year average	latest 12 months	net profit margin	5-year rank	5-year average	5-year rank	5-year average
Diversified companies	25	15.6%	11.1%	0.4	26	10.4%	8.1%	3.4%	40	10.4%	21	12.4%
Multicompanies	—	13.4	9.7	0.3	—	9.9	7.5	3.8	—	8.9	—	9.3
Conglomerates	—	16.6	14.0	0.5	—	11.4	9.2	3.2	—	13.9	—	14.2
Branded foods	26	15.4	14.0	0.4	18	12.2	11.0	2.9	32	11.4	26	11.4
Diversified	—	16.0	14.9	0.4	—	12.5	10.9	2.6	—	11.4	—	10.4
Specialized	—	15.3	12.7	0.3	—	11.9	12.8	3.5	—	11.3	—	11.9
Chemicals	27	15.2	10.7	0.3	25	10.5	8.0	4.6	33	11.3	32	9.0
Diversified	—	13.1	9.5	0.3	—	9.7	7.6	4.4	—	10.5	—	4.5
Specialized	—	18.1	12.5	0.4	—	11.8	8.6	5.5	—	12.9	—	12.8
Telecommunications	28	14.5	14.1	0.9	40	7.6	7.6	8.7	23	13.3	36	7.7
Banks	29	14.4	13.7	0.3	20	11.6	11.4	5.4	5	20.5	27	11.3
New York banks	—	14.7	15.3	0.5	—	11.6	12.1	4.1	—	21.8	—	11.2
Regional banks	—	14.3	13.6	0.3	—	11.6	11.2	5.9	—	19.7	—	11.4
Financial services	30	14.2	10.7	1.0	30	9.5	8.4	3.3	13	15.7	12	15.5
Food processors	30	14.2	12.6	0.4	24	10.9	9.8	1.8	39	10.5	27	11.3
Meatpackers	—	11.2	17.5	0.6	—	8.6	10.8	1.6	—	7.8	—	1.4
Agricultural commodities	—	16.2	12.4	0.4	—	12.0	9.3	3.4	—	12.8	—	15.4
Household goods	32	13.5	7.5	0.4	32	9.2	6.2	2.3	38	10.7	35	8.0
Appliances	—	12.4	5.7	0.5	—	8.9	5.9	1.9	—	7.4	—	7.2
Housewares and furnishings	—	9.7	3.4	0.4	—	8.1	4.8	1.1	—	10.7	—	2.4
Housekeeping products	—	17.6	17.2	0.3	—	14.1	14.1	5.3	—	11.0	—	11.2
Auto suppliers	33	12.8	9.3	0.4	27	10.3	7.5	2.9	42	9.6	40	5.6
Tire and rubber	—	5.8	5.7	0.5	—	5.7	4.7	1.8	—	6.5	—	-3.8
Parts makers	—	14.0	9.4	0.4	—	11.0	7.9	3.2	—	11.8	—	6.2
Construction, mining, rail equipment	33	12.8	3.2	0.5	39	7.8	3.3	1.6	41	10.2	38	6.3
Heavy equipment	—	11.6	1.5	0.4	—	9.3	2.4	0.8	—	9.8	—	1.8
Rail equipment	—	12.8	4.7	1.2	—	7.5	4.0	2.9	—	10.5	—	9.2
Forest products	35	12.6	6.1	0.5	34	9.0	4.9	3.3	35	11.1	39	6.0
Electric utilities	36	12.3	13.8	0.9	44	6.9	7.2	11.2	18	14.7	42	3.4
Northeast	—	12.3	13.6	0.8	—	6.9	7.1	10.5	—	13.5	—	3.0
Midwest	—	12.4	13.9	0.9	—	6.9	7.2	12.6	—	14.7	—	2.8
Southeast	—	11.9	12.9	0.9	—	6.7	6.9	10.8	—	15.3	—	3.4
Southwest	—	14.1	15.5	0.8	—	7.7	8.0	11.9	—	19.4	—	4.7
West	—	12.0	14.8	0.9	—	7.3	7.9	12.6	—	20.3	—	3.6
General retailers	37	12.0	9.7	0.8	38	8.6	7.6	2.3	36	11.0	37	7.0
Department stores	—	12.1	10.5	0.6	—	8.8	8.4	2.6	—	10.4	—	7.5
Discount and variety stores	—	11.7	8.7	0.9	—	7.5	6.2	1.3	—	12.2	—	6.1
Packaging	38	11.8	8.3	0.4	37	8.7	6.3	2.5	37	10.8	34	8.4
Building materials	39	11.4	3.1	0.4	33	9.1	3.3	1.3	43	9.5	41	5.3
Lumber	—	10.9	def	0.6	—	7.8	1.7	def	—	10.7	—	2.1
Cement and gypsum	—	12.3	def	0.6	—	9.2	2.8	0.5	—	9.5	—	10.3
Other building materials	—	10.4	3.1	0.4	—	8.2	3.4	1.0	—	7.8	—	3.3
Building equipment	—	17.4	10.3	0.4	—	12.8	8.7	3.2	—	10.0	—	16.0
Nonferrous metals	40	11.2	def	0.5	31	9.4	0.7	def	33	11.3	33	8.9
Apparel	41	11.0	10.9	0.3	36	8.8	8.5	2.9	46	7.3	18	12.9
Clothing	—	12.3	10.9	0.3	—	10.9	10.1	3.0	—	7.2	—	16.5
Textiles	—	8.7	4.5	0.4	—	6.7	4.4	1.8	—	5.7	—	5.0
Shoes	—	23.1	20.0	0.2	—	16.7	14.9	4.2	—	12.6	—	18.7
Railroads	41	11.0	9.5	0.5	42	7.3	6.6	6.3	24	13.2	21	12.4
Steel	43	9.0	1.7	0.4	40	7.6	2.9	0.7	45	8.7	43	-3.7
Autos and trucks	44	8.6	def	0.3	42	7.3	3.3	1.3	44	9.3	44	-5.1
Tire thrifts	45	3.7	def	0.5	45	4.6	def	def	8	18.6	46	-16.7
Airlines	46	2.8	def	1.6	46	4.5	0.5	def	11	16.1	45	-14.3
All-industry medians		15.9	12.7	0.4		11.0	9.3	3.4		13.3		12.3

Note: Explanation of Yardsticks calculations on page 50.
def: deficit.

The most important Yardstick is the net income companies are able to earn on their invested capital. Here are the rankings for 1982.

Who's where in profitability

THE MONEY THAT'S at most risk in any company is the capital put up by shareholders or reinvested in the business out of earnings. So how much money management is able to make by investing that shareholder equity has always been regarded as the basic measure of profitability.

But return on equity by itself can be a misleading measure. Some companies borrow at least as much or more over long periods and invest that in the business, too, while others do not. So the most important measure of profitability is return on total capital—stockholder equity plus long-term debt.

That's why each company in the Forbes Annual Report on American Industry is ranked both ways in the following profitability table. Comparing the two columns can be quite instructive. American Home Products ranks 25th in five-year average return on equity with 33.5%, behind 17th-ranked Mitchell Energy with 37.2%, for example. But now look at return on capital. On a five-year basis, heavily leveraged Mitchell managed only a 13% return on capital, which ranks it a mediocre 354th. Debt-free American Home's 33.5% five-year return on capital, however, ranks a dazzling 6th out of 992 companies ranked. And if you look at the latest 12-month figures, American Home's 32.9% return on capital is simply leagues ahead of glut-plagued Mitchell's measly 9% return.

How has big business been holding up against inflation in recent years? The numbers below paint a gloomy picture. Using the federal government's gross national product price deflator as a rough guide, inflation has averaged 7.7% a year over the past five years. Just about one quarter of the thousand largest U.S. companies weren't able to match that in return on capital, despite sharp cutbacks in capital spending, major divestitures and closedowns of losing operations. Among the 250-odd corporations that have been losing ground in inflation recently are such household names as American Telephone & Telegraph, GTE, Avco, Polaroid, Crown Zellerbach, Zenith Radio and Fisher Foods, as well as most of the steel, auto, airline and electric utility industry leaders.

While most of the latest 12-month figures are heading down in this recession, there are a few companies with improving return on capital numbers—Litton Industries, Purolator, MCI Communications, Warner Communications, Kellogg, Cameron Iron Works and Mattel—excluding companies like Lockheed whose numbers are up sharply chiefly because prior losses have severely shrunk their equity base.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Apple Computer	1	118.6%	33.0%	1	130.9%	33.3%
NIKE	2	96.6	50.3	2	79.2	46.1
L B Foster	3	75.9	6.3	280	14.1	7.9
Subaru of America	4	63.6	56.9	3	59.9	48.3
Tosco	5	56.4	48.8	142	17.4	21.5
Consol Petroleum	6	50.0	def	890	5.7	def
Tandy	7	48.5	33.9	13	28.0	28.7
GEICO	8	46.5	30.1	28	23.9	21.0
Metromedia	9	45.3	75.6	58	21.2	28.2
Standard Oil Ohio	10	42.8	31.7	83	20.0	19.3
Resorts Intl	11	40.3	14.8	9	30.8	10.4
Comdisco	12	40.2	43.9	47	22.3	22.2
Charter	13	39.5	5.9	41	22.6	8.7
First Executive	14	39.0	29.0	39	22.9	19.9
SmithKline Beckman	15	37.5	28.5	8	33.1	24.8
Todd Shipyards	16	37.3	27.4	115	18.3	17.5
Mitchell Energy & Dev	17	37.2	24.6	354	13.0	9.0
Servicemaster Inds	18	37.1	38.1	4	37.9	37.5
Celeron	19	36.2	24.8	44	22.5	15.6
Federal Express	20	36.2	24.6	34	23.3	16.0
Schlumberger	21	36.0	32.7	7	33.4	31.3
Phibro-Salomon	22	35.5	21.8	15	27.8	15.7
Alexander & Alexander	23	34.6	20.7	5	37.4	22.7
Food Town Stores	24	33.9	26.5	17	27.0	22.4
American Home Products	25	33.5	32.9	6	33.5	32.6
Wang Laboratories	26	32.4	21.4	67	20.9	15.3
Dow Jones	27	32.4	32.0	12	29.4	26.5
Texas Oil & Gas	28	32.4	35.3	183	16.0	17.0
Teledyne	29	32.3	21.9	32	23.4	16.7
Geo International	30	32.2	12.3	24	24.8	10.6
Mission Insurance	31	31.8	23.0	19	26.6	20.9
Tyco Laboratories	32	31.5	19.4	187	15.8	10.8
G Heileman Brewing	33	31.4	27.7	35	23.1	19.1
Wal-Mart Stores	34	31.2	30.1	75	20.4	18.8
Pioneer	35	31.1	18.6	157	16.9	10.7
Worthington Inds	36	30.9	16.3	86	19.9	11.2
Baldwin-United	37	30.3	38.7	112	18.6	19.2
Western Co No Amer	38	30.3	23.9	330	13.4	10.7
Dun & Bradstreet	39	29.9	31.4	10	30.0	31.5
Humana	40	29.9	35.6	407	12.2	14.4
Nucor	41	29.8	11.8	45	22.5	9.2
Emery Air Freight	42	29.6	14.3	18	26.8	6.1
EG&G	43	29.4	27.8	22	25.2	25.2
MCI Communications	44	29.4	56.2	188	15.8	22.6
SCOA Industries	45	29.3	22.3	132	17.7	14.3
Storage Technology	46	29.3	17.8	80	20.1	13.0
Warner Communications	46	29.3	25.0	54	21.5	22.0
Occidental Petroleum	48	29.2	9.0	223	15.1	7.7
Marsh & McLennan Cos	49	29.0	21.0	11	29.4	18.4
Tesoro Petroleum	50	28.9	13.4	189	15.7	10.2
Parsons	51	28.8	27.4	26	24.2	24.8
Computer Sciences	52	28.7	16.8	170	16.5	12.8
James River Corp Va	53	28.7	21.6	161	16.8	13.1
Toys "R" Us	53	28.7	22.6	118	18.2	18.1
United Energy Resources	55	28.5	24.4	97	19.1	16.0
Deluxe Check Printers	56	28.3	27.4	20	26.0	24.6
Wendy's International	57	28.3	20.8	31	23.4	14.7
Shaklee	58	28.3	22.6	71	20.7	17.9
Super Valu Stores	59	28.0	23.8	94	19.3	18.0
Kelly Services	60	27.8	16.9	14	27.8	17.0
Avon Products	61	27.7	19.0	16	27.3	19.5
Dorchester Gas	62	27.7	12.1	155	17.0	7.8
Parker Drilling	63	27.6	24.6	140	17.5	15.6
Ashland Oil	64	27.5%	14.5%	267	14.4%	9.0%
E F Hutton Group	65	27.5	17.9	27	24.0	16.8
Pennzoil	66	27.4	17.1	309	13.6	9.7
Kellogg	67	27.4	27.3	38	22.9	23.2
Natl Convenience Stores	68	27.3	24.2	256	14.6	12.7
Dover	69	27.0	24.1	29	23.6	22.0
Fairchild Industries	70	26.8	8.0	96	19.2	5.2
Northwest Industries	71	26.7	28.0	202	15.4	15.9
Allied Bancshares	72	26.7	31.8	36	23.0	25.0
Melville	73	26.6	21.6	23	25.0	20.0
LTV	74	26.6	4.4	421	11.9	4.4
Levi Strauss	75	26.3	13.2	33	23.3	12.3
AMP	76	26.0	19.0	46	22.4	16.8
Baker International	77	25.8	25.9	103	18.9	20.9
Bally Manufacturing	78	25.7	23.1	92	19.4	19.3
Big V Supermarkets	79	25.7	23.4	157	16.9	16.7
Trinity Industries	80	25.7	13.0	79	20.1	10.9
Hilton Hotels	81	25.5	17.6	113	18.6	14.2
Entex	82	25.5	21.6	334	13.3	11.5
Gelco	82	25.5	13.6	674	8.6	8.4
Savin	84	25.5	def	21	25.6	def
Electronic Data Systems	85	25.0	28.3	50	22.1	23.3
Houston Natural Gas	85	25.0	24.8	202	15.4	16.6
Petrie Stores	87	24.9	19.2	25	24.7	19.0
Boeing	88	24.9	11.2	59	21.2	8.3
Kaneb Services	89	24.8	28.2	286	14.0	14.6
Petrolane	90	24.8	23.9	126	17.9	17.4
Freeport-McMoran	91	24.6	15.4	145	17.3	8.6
Pioneer Hi-Bred Intl	92	24.6	25.0	55	21.5	23.7
Snap-On Tools	93	24.5	18.5	57	21.2	16.5
Cross & Trecker	94	24.4	20.6	40	22.7	19.5
Raytheon	95	24.4	21.3	37	23.0	20.7
Nalco Chemical	96	24.3	20.8	30	23.6	20.3
Foster Wheeler	97	24.3	19.2	70	20.8	18.0
Lubrizol	98	24.3	12.6	42	22.5	11.3
Albertson's	99	24.3	22.8	280	14.1	14.2
Fort Howard Paper	100	24.2	22.9	105	18.9	18.2
Lear Siegler	100	24.2	17.0	230	15.0	12.9
Washington Post	102	24.2	22.5	95	19.3	18.2
Cooper Industries	103	24.2	17.9	68	20.9	14.8
ConAgra	104	24.0	22.6	171	16.4	16.2
PHH Group	105	23.9	20.2	878	6.0	7.4
Belco Petroleum	106	23.8	20.2	114	18.5	15.4
Waste Management	107	23.8	23.7	148	17.3	18.4
Dillon Cos	108	23.7	25.6	165	16.7	17.1
Piedmont Aviation	109	23.7	21.5	496	10.9	11.3
Philip Morris	110	23.6	22.9	323	13.5	12.1
Masco	111	23.5	19.9	269	14.3	13.0
U S Air	112	23.5	16.9	411	12.1	9.9
Merck	113	23.5	20.4	76	20.2	17.1
Service Merchandise	114	23.4	17.2	205	15.4	13.3
Abbott Laboratories	115	23.4	24.0	103	18.9	19.8
Maytag	116	23.3	18.3	48	22.2	17.2
McDonald's	116	23.3	21.5	330	13.4	13.2
Dayton-Hudson	118	23.3	15.4	127	17.9	12.4
Cameron Iron Works	119	23.3	25.3	177	16.2	17.3
Square D	119	23.3	16.0	107	18.9	13.2
Brunswick	121	23.1	72.4	355	13.0	30.9
IU International	121	23.1	9.7	572	9.9	7.0
Beverly Enterprises	123	23.1	15.5	485	10.9	9.0
Lucky Stores	124	23.1	16.5	290	14.0	10.7
Coca-Cola	125	23.0	21.3	56	21.3	19.5
Loews	125	23.0	18.7	405	12.2	11.4

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
American Intl Group	127	22.9%	20.2%	53	21.6%	19.5 %
Ohio Casualty	128	22.9	13.7	43	22.5	13.6
SEDCO	129	22.8	63.9	297	13.8	34.2
Dean Foods	130	22.8	22.4	166	16.7	16.7
Frontier Holdings	131	22.8	18.4	251	14.7	12.3
Crum & Forster	132	22.8	15.3	52	22.0	14.8
Cabot	133	22.6	14.4	229	15.0	10.6
General Cinema	134	22.6	25.7	288	14.0	15.4
General Re	134	22.6	20.5	51	22.1	20.4
Republic New York	136	22.6	19.6	232	14.9	14.4
Esmark	137	22.6	14.0	319	13.5	10.1
Old Republic Intl	138	22.6	18.6	49	22.1	16.0
MAPCO	139	22.5	15.3	395	12.4	8.6
Capital Cities Commun	140	22.5	20.1	124	17.9	16.8
Chic & North Western	141	22.5	def	795	7.2	1.7
PepsiCo	142	22.5	21.8	173	16.4	15.8
Minn Mining & Mfg	143	22.4	18.6	93	19.4	16.4
IBM	144	22.4	20.8	62	20.9	18.4
Intl Flavors & Frag	144	22.4	18.6	61	20.9	17.8
Bristol-Myers	146	22.4	21.9	71	20.7	20.7
Turner Construction	147	22.3	26.4	73	20.6	17.2
VF	148	22.3	30.7	108	18.8	26.1
MGM Grand Hotels	149	22.3	12.0	465	11.3	8.2
Missouri Pacific	150	22.3	16.5	468	11.2	9.2
Std Commi Tobacco	151	22.2	21.0	146	17.3	18.0
Whittaker	152	22.1	20.2	117	18.2	20.3
Sundstrand	153	22.1	17.1	226	15.0	13.0
Natomas	154	22.1	9.0	195	15.6	6.0
Fluor	155	22.1	11.5	144	17.4	7.6
Eli Lilly	156	21.9	21.1	62	20.9	19.2
Caesars World	157	21.9	0.6	584	9.8	4.2
Consol Freightways	157	21.9	12.5	136	17.6	10.4
Tidewater	159	21.9	21.6	266	14.4	13.0
Smith International	160	21.8	18.9	118	18.2	15.4
American Stores	161	21.8	23.1	205	15.4	12.2
Halliburton	161	21.8	18.4	121	18.1	15.4
McGraw-Hill	161	21.8	21.3	89	19.6	19.6
Wyman-Gordon	164	21.8	24.6	124	17.9	21.3
Palm Beach	165	21.8	8.5	224	15.1	7.2
Supermarkets General	166	21.8	22.0	457	11.4	12.9
Gannett	167	21.8	21.2	122	18.0	16.2
Savannah Foods	168	21.7	35.3	272	14.2	24.4
American Brands	169	21.7	19.7	185	15.9	15.1
CNA Financial	169	21.7	13.9	390	12.4	11.0
Hughes Tool	171	21.7	18.0	128	17.8	12.8
Vulcan Materials	172	21.6	15.8	198	15.5	12.1
Brown-Forman Dist	173	21.6	25.7	168	16.6	20.8
Louisiana Land	174	21.6	8.7	156	17.0	5.5
Rite Aid	175	21.6	19.7	100	19.1	18.1
Emerson Electric	176	21.5	20.2	82	20.0	19.5
Chesebrough-Pond's	177	21.4	20.2	140	17.5	17.2
Reading & Bates	177	21.4	23.0	323	13.5	13.3
American Standard	179	21.4	6.8	219	15.2	5.7
Cullum Companies	179	21.4	16.9	414	12.1	10.2
Valero Energy	181	21.3	24.4	511	10.6	11.3
Atlantic Richfield	182	21.3	19.7	313	13.6	12.1
Blount	183	21.3	17.1	343	13.2	11.5
Murphy Oil	184	21.2	19.8	352	13.0	13.0
Anixter Bros	185	21.2	19.4	192	15.7	14.4
Upjohn	186	21.2	15.3	199	15.5	10.9
Auto Data Processing	187	21.1	17.3	131	17.7	13.9
Cincinnati Milacron	188	21.0	9.0	240	14.8	7.4
Roadway Services	189	21.0	18.1	85	19.9	17.7
USF&G	190	21.0%	8.5%	60	21.1%	8.6%
Revco D S	191	21.0	19.3	133	17.7	16.4
Combustion Eng	192	20.9	21.7	315	13.5	14.5
R J Reynolds Inds	193	20.9	21.6	228	15.0	15.5
Intel	194	20.9	5.2	77	20.2	4.4
First Boston	195	20.8	37.1	64	20.9	37.7
Ryder System	195	20.8	16.5	608	9.6	8.7
Genuine Parts	197	20.8	18.6	65	20.9	21.3
CBI Industries	198	20.8	22.5	151	17.1	17.2
Rohr Industries	198	20.8	18.9	601	9.6	12.1
Natl Medical Entrprs	200	20.8	19.3	455	11.4	11.8
NL Industries	200	20.8	24.4	207	15.4	17.4
Weis Markets	202	20.8	19.8	69	20.8	19.9
Combined Internatl	203	20.7	17.1	74	20.5	17.4
American Express	204	20.7	20.3	128	17.8	16.3
Crown Central Petroleum	205	20.7	8.5	377	12.6	5.9
A C Nielsen	206	20.7	22.8	78	20.1	20.8
General Instrument	207	20.6	20.5	139	17.5	18.3
Interpublic Group	208	20.6	15.6	90	19.5	15.2
Amer Broadcasting	209	20.6	16.7	160	16.8	14.0
Texas Commerce Bshs	210	20.6	22.0	99	19.1	20.0
Winn-Dixie Stores	211	20.6	20.3	138	17.5	17.7
Pay Less Drug NW	212	20.5	18.7	322	13.5	10.8
Phillips Petroleum	212	20.5	11.8	186	15.8	9.1
Consolidated Papers	214	20.5	12.6	135	17.6	10.9
Ametek	215	20.4	18.7	219	15.2	13.6
General Electric	216	20.4	19.2	120	18.2	17.7
Johnson & Johnson	217	20.4	21.1	88	19.6	20.0
Rollins	218	20.3	17.7	152	17.1	14.7
Briggs & Stratton	219	20.3	15.9	87	19.7	15.1
Leaseway Transportation	220	20.3	12.5	535	10.3	8.3
Times Mirror	220	20.3	14.9	162	16.8	10.9
Arkla	222	20.3	21.6	516	10.5	11.4
G D Searle	223	20.2	25.0	232	14.9	19.9
Edison Bros Stores	224	20.1	10.3	167	16.6	8.9
Payless Cashways	225	20.1	20.0	209	15.4	13.9
Longs Drug Stores	226	20.1	17.4	83	20.0	16.9
Holly Corp	227	20.1	18.8	263	14.4	12.3
Mercantile Texas	227	20.1	19.6	163	16.8	20.7
Panhandle Eastern	227	20.1	17.9	518	10.5	9.2
Parker Pen	227	20.1	0.9	102	19.0	1.9
Eastman Kodak	231	20.0	16.3	106	18.9	15.4
Engelhard	232	20.0	17.5	123	17.9	16.2
Sun Chemical	233	19.9	7.2	361	12.8	6.2
Union Oil California	233	19.9	19.8	299	13.8	14.1
National Svc Inds	235	19.9	18.8	147	17.3	16.5
Schering-Plough	236	19.8	13.9	109	18.7	11.7
Farm House Foods	237	19.8	16.3	493	10.9	6.9
Harris Corp	237	19.8	11.5	269	14.5	8.0
Handy & Harman	239	19.8	9.1	325	13.5	7.3
Hewlett-Packard	240	19.8	19.5	98	19.1	18.7
Marriott	241	19.8	20.8	525	10.5	10.2
Lockheed	242	19.7	128.6	673	8.7	31.3
Kemper	243	19.7	11.7	81	20.0	12.1
SONAT	243	19.7	20.9	453	11.5	11.3
Oneok	245	19.6	19.9	457	11.4	12.6
Big Three Industries	246	19.6	18.0	236	14.9	12.8
Walgreen	246	19.6	22.0	264	14.4	17.4
Idle Wild Foods	248	19.6	17.5	190	15.7	15.0
Centex	249	19.6	8.9	692	8.4	5.3
Tyler	249	19.6	9.8	249	14.7	7.0
Procter & Gamble	251	19.6	20.2	213	15.3	15.5
Niagara Frontier Services	252	19.6	14.1	332	13.3	10.3

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity 5-year rank	Return on equity 5-year average*	Return on equity latest 12 months	Return on capital 5-year rank	Return on capital 5-year average*	Return on capital latest 12 months
Datapoint	253	19.6%	0.7%	65	20.9%	2.3%
Exxon	254	19.5	15.0	262	14.4	10.6
Standard Oil Indiana	255	19.5	16.9	295	13.8	11.5
United States Shoe	255	19.5	18.3	194	15.6	15.4
PACCAR	257	19.5	8.0	115	18.3	7.6
Litton Industries	258	19.5	22.6	283	14.0	17.4
W W Grainger	259	19.4	15.8	101	19.0	14.9
Anheuser-Busch Cos	260	19.4	21.9	466	11.3	11.6
Hospital Corp of Am	260	19.4	18.4	529	10.4	8.7
CPC International	262	19.4	18.5	196	15.6	14.1
Morton Thiokol	263	19.3	33.4	245	14.8	27.1
Transco Energy	263	19.3	20.9	715	8.1	9.0
Amer Medical Intl	265	19.2	21.2	439	11.6	13.1
Sysco	265	19.2	20.3	235	14.9	16.0
Alco Standard	267	19.2	17.3	279	14.1	12.8
Equifax	268	19.2	19.1	169	16.5	15.9
M/A-Com	268	19.2	11.8	91	19.4	9.2
Pitney Bowes	268	19.2	15.5	305	13.6	10.6
Flowers Industries	271	19.2	19.6	384	12.5	13.0
Purolator	272	19.1	23.5	269	14.3	16.4
TRW	273	19.1	14.0	388	12.5	9.2
Bendix	274	19.1	9.0	236	14.9	7.9
Hanover Insurance	274	19.1	12.9	111	18.6	12.8
Standard Oil Calif	276	19.1	12.0	216	15.2	9.6
Hershey Foods	277	19.1	19.8	244	14.8	14.1
Kimberly-Clark	277	19.1	15.7	253	14.6	12.7
Aetna Life & Casualty	279	19.0	14.3	142	17.4	14.2
Farmers Group	280	19.0	17.0	109	18.7	16.8
Natl Semiconductor	281	18.9	def	254	14.6	def
Denny's	282	18.9	18.2	498	10.8	11.0
R H Macy	283	18.8	19.6	348	13.1	14.4
Texas Eastern	284	18.8	16.1	597	9.7	7.9
Shell Oil	285	18.8	17.6	347	13.2	11.8
Sun Company	285	18.8	11.0	338	13.2	7.6
Giant Food	287	18.8	26.7	449	11.5	15.3
Hannaford Bros	287	18.8	21.9	533	10.4	12.2
Getty Oil	289	18.8	14.9	240	14.8	11.1
Tektronix	290	18.7	12.1	175	16.3	10.3
General Mills	291	18.7	18.3	260	14.5	14.5
InterFirst	292	18.7	18.3	212	15.3	15.6
Texas Gas Transmn	293	18.7	17.6	525	10.5	10.2
Universal Leaf	293	18.7	18.6	178	16.1	13.7
Gates Learjet	295	18.6	10.1	180	16.0	10.3
Nabisco Brands	295	18.6	19.4	341	13.2	13.8
H H Robertson	297	18.6	19.2	255	14.6	17.0
Browning-Ferris Inds	298	18.5	20.7	390	12.4	14.5
Avnet	299	18.5	14.4	150	17.1	14.0
Zurn Industries	299	18.5	17.3	320	13.5	13.1
Mobil	301	18.4	10.7	327	13.4	8.2
Cartice-Burns	302	18.4	18.8	634	9.2	9.7
Perkin-Elmer	302	18.4	11.6	172	16.4	10.5
Dexter	304	18.4	15.0	305	13.6	10.8
Bergen Brunswig	305	18.4	22.1	274	14.2	15.6
Revlon	306	18.3	10.1	207	15.4	8.3
InterNorth	307	18.3	15.1	525	10.5	9.2
EPSERCH	308	18.3	18.0	493	10.9	11.2
Marsh Supermarkets	309	18.3	16.9	548	10.2	9.4
Merrill Lynch	309	18.3	18.2	202	15.4	14.9
Republic Finl Svcs	309	18.3	15.0	251	14.7	13.4
Alcan Aluminium	312	18.2	4.2	410	12.1	3.4
Am Natural Resources	313	18.2	21.7	639	9.1	9.5
Illinois Tool Works	314	18.2	14.3	134	17.7	13.6
Seaboard	315	18.2	26.1	356	12.9	17.6
Air Prods & Chems	316	18.1%	13.6%	512	10.6%	8.3%
Amerada Hess	317	18.1	7.0	360	12.8	4.6
Jack Eckerd	318	18.1	14.6	136	17.6	14.4
Gillette	319	18.1	17.7	313	13.6	13.0
First City Bancorp	320	18.1	16.9	154	17.1	16.6
H J Heinz	321	18.1	19.5	290	14.0	15.7
Moore Corp	322	18.0	14.5	231	15.0	12.8
NCR	323	18.0	12.4	242	14.8	11.2
Centel	324	18.0	17.5	739	7.9	7.7
Fleming Cos	325	18.0	18.3	375	12.6	12.8
St Paul Cos	325	18.0	16.2	174	16.3	15.1
Southern Union	327	18.0	9.1	541	10.3	6.8
Dresser Industries	328	17.9	13.2	257	14.6	11.7
American General	329	17.9	15.2	217	15.2	14.6
Tyson Foods	330	17.9	20.1	424	11.8	11.5
Federal-Mogul	331	17.9	13.1	293	13.9	9.5
Chubb	332	17.9	11.5	164	16.7	10.7
Clorox	332	17.9	18.1	242	14.8	15.0
Nordstrom	332	17.9	16.1	361	12.8	11.1
Baxter Travenol Labs	335	17.8	18.1	284	14.0	14.8
Heck's	336	17.8	14.0	392	12.4	9.6
Bausch & Lomb	337	17.8	16.2	236	14.9	14.2
Carnation	337	17.8	18.1	246	14.7	15.3
Warnaco	337	17.8	19.0	382	12.6	14.4
Stewart & Stevenson	340	17.8	16.2	359	12.8	11.4
Scott & Fetzer	341	17.8	15.0	277	14.1	11.6
Data General	342	17.8	5.0	218	15.2	5.0
Meredith	342	17.8	17.1	405	12.2	11.5
Tecumseh Products	344	17.7	12.8	130	17.7	12.7
Earle M Jorgensen	345	17.7	11.8	213	15.3	10.5
Harvey Hubbell	346	17.7	17.5	153	17.1	16.5
United Telecom	346	17.7	13.5	714	8.1	6.9
Martin Marietta	348	17.7	11.5	358	12.9	6.7
Northrop	348	17.7	2.0	199	15.5	2.0
Rockwell Intl	348	17.7	17.4	310	13.6	14.5
Milton Bradley	351	17.6	10.2	234	14.9	9.6
Amsted Industries	352	17.6	4.7	149	17.2	4.5
Sonoco Products	352	17.6	14.4	268	14.4	11.6
Southwestern Pub Svc	352	17.6	19.2	743	7.8	8.1
Malone & Hyde	355	17.5	16.9	274	14.2	12.7
Digital Equipment	356	17.5	13.0	184	15.9	12.7
CBS	357	17.5	9.4	225	15.1	7.9
Raychem	358	17.5	11.2	182	16.0	10.0
MCA	359	17.5	16.2	180	16.0	15.6
Valley National	360	17.4	12.4	159	16.8	12.5
Best Products	361	17.4	8.7	509	10.6	6.7
Kansas-Neb Nat Gas	361	17.4	15.9	667	8.8	8.0
Carpenter Technology	363	17.4	9.1	179	16.1	7.8
U S Bancorp	363	17.4	14.2	326	13.4	11.2
Pillsbury	365	17.3	16.1	449	11.5	11.0
Xerox	365	17.3	12.9	226	15.0	11.2
Pfizer	367	17.3	18.1	311	13.6	14.1
Bank of New England	368	17.3	16.5	365	12.7	13.2
Seaway Food Town	369	17.3	12.2	478	11.0	8.1
General Foods	370	17.2	17.3	292	14.0	12.6
Mattel	370	17.2	29.9	193	15.7	20.7
Economics Laboratory	372	17.2	16.2	332	13.3	11.5
Hyster	373	17.2	3.2	264	14.4	3.3
New York Times	374	17.1	19.8	247	14.7	14.7
Pacific Resources	375	17.1	6.6	559	10.1	5.0
Bangor Punta	376	17.1	1.1	581	9.8	2.7
Johnson Controls	377	17.0	15.0	271	14.3	12.4
Emhart	378	17.0	17.5	236	14.9	15.5

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Kroger	379	17.0%	18.4%	441	11.6%	11.3%
Transamerica	380	17.0	11.4	489	10.9	8.1
Wheelabrator-Frye	381	17.0	13.5	288	14.0	11.4
RepublicBank	382	16.9	18.2	258	14.6	16.6
Safeco	382	16.9	12.8	293	13.9	10.9
Foremost-McKesson	384	16.9	13.3	478	11.0	9.3
Univar	385	16.9	9.4	531	10.4	6.3
Security Pacific	386	16.8	15.5	301	13.7	11.2
Southland	386	16.8	16.9	557	10.1	10.9
Intl Minerals & Chem	388	16.8	12.5	453	11.5	8.8
Brown Group	389	16.8	17.2	303	13.7	14.4
Knight-Ridder News	390	16.7	14.0	210	15.4	12.3
Union Camp	390	16.7	12.0	415	12.1	8.8
Witco Chemical	390	16.7	11.3	445	11.6	8.0
Parker-Hannifin	393	16.7	10.1	308	13.6	8.6
Consolidated Foods	394	16.7	18.2	385	12.5	12.7
United Technologies	394	16.7	13.3	369	12.7	10.0
Whirlpool	394	16.7	14.9	221	15.1	14.0
Tenneco	397	16.7	14.6	599	9.6	7.6
Pneumo	398	16.7	21.3	474	11.1	12.7
Universal Foods	399	16.7	19.6	351	13.0	14.0
Bankers Trust NY	400	16.6	18.0	338	13.2	15.2
Superior Oil	401	16.6	12.4	470	11.2	6.4
Fleet Financial	402	16.5	18.0	485	10.9	10.6
Texas Instruments	402	16.5	11.0	175	16.3	10.3
General Signal	404	16.5	15.4	196	15.6	14.2
Stanadyne	405	16.5	11.8	298	13.8	9.8
Quaker Oats	406	16.5	12.7	422	11.9	9.3
Dow Chemical	407	16.5	7.9	540	10.3	5.7
W R Grace	408	16.4	16.8	456	11.4	10.9
E-Systems	409	16.4	19.4	191	15.7	18.1
American Family	410	16.4	10.5	222	15.1	7.2
Morrison-Knudsen	410	16.4	13.9	336	13.2	11.1
Stauffer Chemical	410	16.4	13.4	452	11.5	9.6
Suburban Propane Gas	410	16.4	14.6	545	10.2	9.5
Jewel Cos	414	16.4	18.2	543	10.3	11.3
First Interstate Bancp	415	16.3	13.6	341	13.2	11.4
Alleghany	416	16.3	15.3	299	13.8	12.2
First Security	417	16.2	15.6	431	11.7	11.6
Sterling Drug	418	16.2	15.5	259	14.5	13.8
Ball Corp	419	16.2	17.2	478	11.0	11.1
Ogden	420	16.2	11.5	669	8.7	6.8
A E Staley Mfg	421	16.2	12.6	463	11.3	8.8
American Petrofina	422	16.2	10.4	471	11.2	8.0
Athlone Industries	422	16.2	5.6	619	9.5	6.0
Norton	422	16.2	5.6	320	13.5	5.4
Archer Daniels Midland	425	16.1	12.2	365	12.7	9.8
Blue Bell	425	16.1	8.7	273	14.2	8.4
Caterpillar Tractor	427	16.1	3.4	365	12.7	3.3
Mercantile Bancorp	428	16.0	16.6	381	12.6	13.7
Travelers	429	16.0	11.1	211	15.3	10.9
Amer Hospital Supply	430	16.0	19.4	296	13.8	16.6
Sigmor	430	16.0	def	407	12.2	def
McCormick	432	16.0	16.8	369	12.7	13.9
U S Home	432	16.0	def	716	8.1	def
Peoples Drug Stores	434	16.0	15.6	372	12.7	12.4
United States Gypsum	434	16.0	7.1	445	11.6	5.8
Beatrice Foods	436	16.0	13.2	379	12.6	10.5
Fischbach	437	15.9	18.9	373	12.7	13.6
Harsco	438	15.9	11.7	343	13.2	9.6
Marion	438	15.9	def	518	10.5	def
Norfolk Southern	440	15.9	14.8	595	9.7	9.3
United Virginia Bshs	441	15.9	16.0	471	11.2	12.1

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Figgie International	442	15.9%	16.6%	649	9.0%	9.8%
Oak Industries	443	15.8	11.1	215	15.2	11.5
Barnett Banks Fla	444	15.8	15.4	357	12.9	12.4
Zapata	445	15.8	25.9	671	8.7	13.0
E I du Pont	446	15.7	9.8	364	12.7	6.7
Northwest Energy	447	15.7	5.0	677	8.6	3.8
BankAmerica	448	15.7	10.4	380	12.6	9.2
Texaco	449	15.7	10.7	434	11.7	8.7
Gordon Jewelry	450	15.7	10.9	345	13.2	9.4
Westinghouse Electric	451	15.6	15.8	315	13.5	13.4
Avco	452	15.6	6.2	824	6.8	5.2
Kidde	453	15.6	14.1	562	10.0	9.4
J P Morgan	454	15.6	15.5	307	13.6	14.5
North American Coal	454	15.6	26.3	827	6.8	6.9
Diversified Energies	456	15.6	14.2	575	9.9	10.1
Gulf & Western Inds	457	15.6	8.2	660	8.8	6.7
Motorola	458	15.6	11.0	302	13.7	10.4
Stone Container	458	15.6	8.9	623	9.4	4.9
Gerber Products	460	15.5	14.0	286	14.0	12.8
USLIFE	461	15.5	12.4	397	12.4	10.0
Gulf United	462	15.5	13.6	369	12.7	9.7
Provident Life & Acc	463	15.5	11.0	201	15.4	10.9
R R Donnelley & Sons	464	15.5	15.4	304	13.7	13.1
Flickinger	464	15.5	16.8	352	13.0	15.0
Joy Manufacturing	466	15.4	17.0	336	13.2	14.5
First Union	467	15.4	15.3	441	11.6	12.5
Mercantile Stores	467	15.4	16.3	407	12.2	13.0
NCNB	469	15.4	15.0	436	11.6	12.7
Citicorp	470	15.4	16.7	535	10.3	9.6
Dennison Mfg	471	15.3	11.0	334	13.3	9.4
Texas American Bshs	472	15.3	16.6	317	13.5	14.9
Wm Wrigley Jr	473	15.3	14.8	247	14.7	14.3
Southwest Bancshares	474	15.3	17.7	249	14.7	19.8
Ethyl	475	15.3	12.5	524	10.5	9.4
Pittsburgh National	476	15.2	15.7	278	14.1	13.7
City Investing	477	15.2	8.9	586	9.8	8.7
Diamond Shamrock	478	15.2	12.6	586	9.8	8.0
NICOR	478	15.2	10.7	704	8.2	5.9
Public Service Indiana	480	15.2	19.6	764	7.5	8.6
Honeywell	481	15.2	14.0	417	12.0	10.6
Avery International	482	15.1	15.0	487	10.9	10.6
Business Men's Assur	483	15.1	9.2	284	14.0	9.0
Stop & Shop Cos	484	15.1	20.1	641	9.1	12.3
Stanley Works	485	15.1	9.9	377	12.6	8.8
Waldbaum	486	15.1	17.8	564	10.0	11.6
Mead	487	15.0	1.1	610	9.6	1.4
American Greetings	488	15.0	15.2	459	11.4	10.5
Campbell Soup	489	15.0	14.9	340	13.2	12.2
Commercial Metals	490	15.0	9.3	426	11.8	7.8
Thrifty Corp	491	15.0	15.4	487	10.9	11.1
Brooklyn Union Gas	492	14.9	16.7	664	8.8	10.1
Transway Intl	492	14.9	10.7	398	12.4	9.5
Wells Fargo	492	14.9	13.7	449	11.5	9.7
Irving Bank	495	14.9	12.9	436	11.6	10.8
Insilco	496	14.9	7.5	593	9.7	6.1
Signal Cos	497	14.9	8.3	459	11.4	7.1
Nash Finch	498	14.9	13.3	419	12.0	10.6
Central & South West	499	14.8	14.9	757	7.7	8.0
Maryland Cup	499	14.8	14.2	504	10.7	10.7
Ruddick	499	14.8	14.2	538	10.3	10.2
Knudsen	502	14.8	10.9	628	9.3	7.6
Peoples Energy	503	14.7	15.0	782	7.3	7.6
Time Inc	504	14.7	11.6	425	11.8	9.1

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity rank	Return on equity 5-year average*	Return on equity latest 12 months	Return on capital rank	Return on capital 5-year average*	Return on capital latest 12 months
First Natl Supermkts	505	14.7%	17.1%	531	10.4%	10.7%
Seagram	506	14.7	11.1	505	10.7	7.0
Texas Utilities	506	14.7	16.7	717	8.1	8.9
Continental Telecom	508	14.7	14.7	761	7.6	7.5
George A Hormel	509	14.7	11.6	373	12.7	8.8
Colgate-Palmolive	510	14.7	16.0	396	12.4	13.1
Dibrell Brothers	510	14.7	20.5	435	11.7	13.3
Hoover Universal	510	14.7	9.4	476	11.0	7.5
A H Robins	513	14.6	14.9	365	12.7	13.4
Culbro	514	14.6	7.9	620	9.4	8.0
Intl Multifoods	515	14.6	16.4	493	10.9	12.1
Moore McCormack Res	516	14.6	6.7	644	9.1	5.3
Ex-Cell-O	517	14.6	13.2	345	13.2	11.3
Dana	518	14.6	7.3	416	12.1	6.6
Newmont Mining	519	14.5	3.1	555	10.1	2.4
Manufacturers Hanover	520	14.5	14.1	467	11.6	11.5
Foxboro	521	14.5	15.1	328	13.4	14.0
Alcoa	522	14.5	1.8	551	10.2	2.3
MGM/UA Entertainment	523	14.5	9.8	448	11.6	6.9
Lowe's Companies	524	14.4	12.7	433	11.7	11.0
Ingersoll-Rand	525	14.4	9.3	482	11.0	7.7
Girard	526	14.4	12.7	464	11.3	11.0
Becton, Dickinson	527	14.4	13.3	412	12.1	10.6
Rainier Bancorp	527	14.4	12.2	350	13.1	11.2
First Natl Boston	529	14.4	14.6	508	10.6	11.7
Acme-Cleveland	530	14.4	9.5	490	10.9	7.6
Federal Paper Board	530	14.4	16.2	731	7.9	6.7
Southeast Banking	530	14.4	12.8	482	11.0	10.3
Cessna Aircraft	533	14.4	5.2	399	12.3	4.9
First Bank System	534	14.3	11.5	417	12.0	9.8
New England Electric	534	14.3	16.2	840	6.7	6.9
TECO Energy	534	14.3	10.9	836	6.7	5.6
GTE	537	14.3	15.1	774	7.4	7.8
Midcon	538	14.3	14.3	655	8.9	9.4
Union Pacific	538	14.3	12.0	629	9.2	7.2
Northwest Bancorp	540	14.3	10.8	461	11.3	9.2
Borg-Warner	541	14.2	13.7	363	12.8	12.3
Continental Illinois	541	14.2	6.3	402	12.2	6.7
Kerr-McGee	543	14.2	13.3	584	9.8	8.0
Crown Cork & Seal	544	14.2	9.1	388	12.5	7.9
Morse Shoe	545	14.2	4.9	385	12.5	4.9
Dart & Kraft	546	14.2	9.0	429	11.8	7.5
Wachovia	547	14.1	13.6	311	13.6	13.2
Wisconsin Pwr & Lt	547	14.1	18.1	790	7.3	8.6
Chemical New York	549	14.1	15.1	506	10.7	12.7
Gt Northern Nekoosa	549	14.1	10.9	549	10.2	8.0
Saga	551	14.1	21.3	512	10.6	14.8
Houston Industries	552	14.1	15.5	754	7.7	8.0
Federal Co	553	14.1	11.9	383	12.5	10.9
Capital Holding	554	14.0	14.2	282	14.0	11.7
Arizona Public Service	555	14.0	15.4	679	8.6	9.3
Echlin	555	14.0	13.4	441	11.6	11.6
Bank of New York	557	14.0	16.2	375	12.6	14.1
No States Power	557	14.0	16.6	824	6.8	7.8
PPG Industries	559	14.0	9.3	518	10.5	7.3
Federated Dept Stores	560	13.9	11.1	432	11.7	9.2
Westvaco	560	13.9	8.9	603	9.6	6.6
Chase Manhattan	562	13.9	11.3	500	10.8	10.1
Kaiser Alum & Chem	563	13.9	def	689	8.4	0.7
Columbia Gas System	564	13.9	13.5	751	7.8	7.7
International Paper	564	13.9	4.5	589	9.8	3.9
First Natl State Bcp	566	13.9	16.2	430	11.7	14.0
Circle K	567	13.8	def	592	9.7	def
Quaker State Oil	567	13.8%	15.9%	595	9.7%	11.0%
Pay'n Save	569	13.8	8.8	547	10.2	6.4
North Amer Philips	570	13.8	9.6	601	9.6	6.6
May Dept Stores	571	13.8	13.5	612	9.6	9.4
Maryland National	572	13.8	13.6	444	11.6	12.0
Laclede Gas	573	13.7	14.6	753	7.7	8.5
Consol Natural Gas	574	13.7	14.6	697	8.3	9.0
Harcourt Brace Jovan	575	13.7	11.8	575	9.9	8.7
Kay	576	13.7	def	624	9.3	0.6
United Illuminating	577	13.7	18.4	734	7.9	10.2
Allegheny Intl	578	13.7	6.1	691	8.4	6.2
Amdahl	578	13.7	3.3	276	14.2	3.6
N Y State Elec & Gas	578	13.7	16.4	736	7.9	9.3
Wisconsin Public Svc	581	13.6	13.5	819	6.9	6.3
Greyhound	582	13.6	11.7	561	10.0	9.3
National City	583	13.6	11.4	329	13.4	10.1
Ralston Purina	584	13.6	5.8	562	10.0	4.8
Duke Power	585	13.6	13.6	779	7.4	7.6
Safeway Stores	585	13.6	13.0	656	8.9	8.4
K mart	587	13.5	8.5	610	9.6	6.7
Colonial Penn Group	588	13.5	8.2	317	13.5	8.2
White Consolidated	588	13.5	5.2	644	9.1	5.1
Interco	590	13.5	9.8	412	12.1	8.9
Pacific Lighting	591	13.5	12.1	734	7.9	7.6
Empire	592	13.5	12.2	654	8.9	7.4
Alexander & Baldwin	593	13.5	11.1	603	9.6	8.1
FMC	594	13.4	12.3	573	9.9	9.2
Cone Mills	595	13.4	5.4	404	12.2	5.1
Crocker National	595	13.4	5.1	545	10.2	5.6
Butler Manufacturing	597	13.4	6.9	461	11.3	6.0
Kansas Power & Light	598	13.4	15.1	806	7.1	7.7
Trane	599	13.4	11.0	496	10.9	8.9
Squibb	600	13.3	13.4	521	10.5	10.5
McGraw-Edison	601	13.3	11.0	427	11.8	8.9
ACF Industries	602	13.3	12.2	766	7.5	6.7
Jefferson-Pilot	603	13.3	10.7	349	13.1	10.7
Delta Air Lines	604	13.3	def	749	7.8	def
Ferro	604	13.3	6.0	423	11.8	6.0
Florida Power & Lt	606	13.3	14.6	834	6.7	7.1
Gulf Oil	606	13.3	9.3	498	10.8	7.2
Easco	608	13.2	14.0	618	9.5	10.5
Long Island Lighting	608	13.2	14.0	682	8.5	9.4
Bucyrus-Erie	610	13.2	6.6	502	10.8	5.2
Rohm & Haas	610	13.2	10.6	549	10.2	8.3
Copperweld	612	13.2	5.2	577	9.9	4.2
Indianapolis Pwr & Lt	612	13.2	12.8	819	6.9	6.8
Citizens & Schrn Ga	614	13.2	15.7	401	12.3	14.3
Weyerhaeuser	615	13.2	4.6	603	9.6	4.3
American Tel & Tel	616	13.1	12.9	758	7.6	7.3
Dynalectron	616	13.1	20.1	490	10.9	15.6
Illinois Power	616	13.1	14.5	802	7.1	7.7
Thriftimart	616	13.1	8.0	475	11.0	7.2
Hercules	620	13.1	7.5	566	10.0	5.5
Continental Corp	621	13.1	7.8	402	12.2	7.7
Mountain Fuel Supply	622	13.0	15.4	692	8.4	9.3
Wisconsin Elec Power	622	13.0	16.2	797	7.2	8.3
Southern Calif Edison	624	13.0	15.4	742	7.8	8.9
Philadelphia Natl	625	13.0	15.2	554	10.1	12.0
Godfrey	626	13.0	9.9	629	9.2	7.6
Mellon National	627	13.0	14.3	473	11.2	11.5
Ideal Basic Inds	628	13.0	def	682	8.5	def
Liquid Air	628	13.0	10.7	569	10.0	8.5
Union Carbide	628	13.0	7.9	632	9.2	6.0

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity rank	Return on equity 5-year average*	Return on equity latest 12 months	Return on capital rank	Return on capital 5-year average*	Return on capital latest 12 months
UGI	631	12.9%	11.3%	721	8.0%	7.3%
National Can	632	12.9	8.3	635	9.2	6.3
Norton Simon	632	12.9	9.6	664	8.8	6.5
Pacific Pwr & Lt	634	12.9	14.6	782	7.3	7.9
General Dynamics	635	12.8	9.2	593	9.7	7.0
Centerre Bancorp	636	12.8	10.3	426	11.9	9.1
Commonwealth Energy	637	12.8	11.0	856	6.4	5.2
GATX	638	12.8	6.8	891	5.7	4.0
Borden	639	12.8	12.8	603	9.6	9.6
Paine Webber	639	12.8	24.5	525	10.5	17.2
Walter E Heller Intl	641	12.8	18.8	790	7.3	9.1
Midland-Ross	641	12.8	2.8	538	10.3	3.6
Eaton	643	12.8	5.7	657	8.9	5.0
Montana Power	644	12.8	14.8	770	7.5	7.8
Penn Central	645	12.8	10.6	613	9.5	8.0
Textron	646	12.7	8.2	503	10.7	7.4
Niagara Mohawk Power	647	12.7	15.7	768	7.5	8.9
Central Steel & Wire	648	12.7	3.5	387	12.5	3.5
Barnes Group	649	12.7	def	521	10.5	def
Torchmark	649	12.7	12.0	400	12.3	9.2
Georgia-Pacific	651	12.7	5.5	717	8.1	3.5
So New England Tel	651	12.7	12.2	795	7.2	6.9
Penn Traffic	653	12.7	9.8	578	9.9	7.8
Middle South Utils	654	12.7	13.7	811	7.0	7.7
Union Electric	654	12.7	14.0	856	6.4	6.3
First Wisconsin	656	12.6	12.3	535	10.3	10.5
Allegheny Power	657	12.6	16.1	821	6.9	8.4
Holiday Inns	657	12.6	8.3	551	10.2	7.7
Seafirst	657	12.6	def	438	11.6	def
Nashua	660	12.6	def	530	10.4	def
Sperry	660	12.6	6.7	581	9.8	5.9
Gould	662	12.6	9.6	590	9.7	8.3
Cleveland Elec Illum	663	12.5	15.6	776	7.4	8.7
McDonnell Douglas	664	12.5	11.2	394	12.4	11.0
Wetterau	665	12.5	10.1	541	10.3	7.5
Gulf States Utils	666	12.5	11.8	824	6.8	7.3
American Natl Ins	667	12.5	9.5	392	12.4	9.5
Central Ill Pub Svc	668	12.5	14.0	839	6.7	6.8
Pacific Gas & Elec	669	12.5	15.8	719	8.1	9.4
Carolina Pwr & Lt	670	12.4	13.0	833	6.8	6.9
Continental Group	670	12.4	9.5	650	9.0	7.1
Timken	670	12.4	4.5	439	11.6	4.2
Willamette Inds	670	12.4	def	590	9.7	1.3
RCA	674	12.4	9.9	573	9.9	7.8
Ceco	675	12.4	9.2	560	10.0	7.7
Cincinnati G & E	676	12.3	13.0	800	7.2	7.2
Lone Star Industries	676	12.3	def	641	9.1	2.2
Household Intl	678	12.3	3.9	844	6.7	5.6
Consolidated Edison	679	12.3	14.2	806	7.0	8.1
DEKALB AgResearch	680	12.3	5.1	615	9.5	4.9
American Cyanamid	681	12.3	9.2	613	9.5	7.6
Dillard Dept Stores	681	12.3	15.4	740	7.9	9.5
Ryan Homes	681	12.3	1.1	469	11.2	1.7
Penn Power & Light	684	12.3	13.4	821	6.9	6.9
Rochester Gas & Elec	685	12.3	14.9	776	7.4	8.8
Deere	686	12.2	3.9	571	9.9	3.7
Allied Stores	687	12.2	9.8	668	8.8	6.7
Hammermill Paper	688	12.1	9.5	747	7.8	5.9
Baltimore Gas & Elec	689	12.1	12.8	817	6.9	7.2
California First Bank	690	12.1	4.3	636	9.2	4.8
Michigan National	691	12.1	0.3	564	10.0	1.6
Eastern Gas & Fuel	692	12.1	14.9	789	7.3	8.3
Celanese	693	12.1	4.4	699	8.3	3.8
Comerica	693	12.1%	9.9%	467	11.3%	9.7%
National Gypsum	693	12.1	3.1	632	9.2	2.8
Super Food Services	693	12.1	11.5	651	8.9	8.1
Lincoln National	697	12.1	9.0	478	11.0	8.7
St Regis Paper	697	12.1	8.2	676	8.6	5.7
NBD Bancorp	699	12.0	11.1	484	11.0	10.2
West Point-Pepperell	699	12.0	11.8	599	9.5	9.6
Central Illinois Lt	701	12.0	14.5	882	5.8	6.4
J C Penney	701	12.0	13.6	586	9.8	10.4
Dayton Power & Light	703	12.0	15.2	772	7.4	8.5
Kansas City Pwr & Lt	703	12.0	13.1	874	6.1	6.6
National Fuel Gas	703	12.0	13.3	759	7.6	8.3
Allied Corp	706	12.0	11.6	712	8.2	8.4
Amfac	706	12.0	4.6	744	7.8	4.1
San Diego Gas & Elec	708	12.0	17.4	723	8.0	10.4
Fieldcrest Mills	709	11.9	4.3	637	9.2	4.1
Potomac Elec Power	709	11.9	12.9	827	6.8	7.0
Florida Progress	711	11.9	10.8	872	6.1	5.6
Ampco-Pittsburgh	712	11.9	def	428	11.8	2.7
Corning Glass Works	712	11.9	3.0	534	10.4	3.1
Raymond Intl	714	11.9	9.1	583	9.8	7.4
Zayre	714	11.9	13.8	709	8.2	9.3
Delmarva Power & Lt	716	11.9	13.7	805	7.1	7.6
Walt Disney	716	11.9	8.4	492	10.9	8.0
Washington National	718	11.9	7.7	501	10.8	7.5
Rexnord	719	11.9	2.7	555	10.1	3.5
Oklahoma Gas & Elec	720	11.8	16.2	861	6.3	8.0
Riegel Textile	720	11.8	5.8	660	8.8	5.0
Scott Paper	720	11.8	9.0	651	8.9	7.1
Pueblo International	723	11.8	11.5	706	8.2	8.5
Eagle-Picher Inds	724	11.8	5.5	603	9.6	4.9
Levitz Furniture	725	11.8	4.2	746	7.8	4.6
Coastal Corp	726	11.8	7.9	765	7.5	7.1
Royal Crown Cos	727	11.7	14.6	647	9.0	10.8
National Distillers	728	11.7	8.9	608	9.6	7.5
So Carolina E & G	729	11.7	10.9	870	6.2	6.1
Zale	729	11.7	1.1	507	10.6	2.3
Toledo Edison	731	11.6	13.5	779	7.4	8.0
CPS Continental	732	11.6	14.9	681	8.5	10.7
Hawaiian Electric	733	11.6	14.1	852	6.6	7.6
Gifford-Hill	734	11.6	def	615	9.5	3.2
Consumers Power	735	11.6	11.5	860	6.3	6.4
Potlatch	736	11.5	3.5	710	8.2	3.1
Warner-Lambert	737	11.5	13.8	670	8.7	9.7
ARA Services	738	11.5	7.8	657	8.9	6.6
Atlantic City Elec	739	11.5	9.9	831	6.8	6.2
Rose's Stores	740	11.5	10.3	553	10.2	9.4
Portland Genl Elec	741	11.4	17.5	800	7.2	9.4
Utah Power & Light	742	11.4	11.8	797	7.2	7.1
Owens-Corning Fbrgls	743	11.4	3.1	626	9.3	3.2
Perini	744	11.3	14.9	580	9.9	13.6
Pub Svc Elec & Gas	745	11.3	11.8	855	6.4	6.6
Boston Edison	746	11.3	9.2	893	5.6	5.3
Fisher Foods	746	11.3	6.3	776	7.4	7.7
Crane	748	11.3	2.6	727	8.0	4.3
Donaldson, Lufkin	748	11.3	14.8	516	10.5	12.1
Yellow Freight System	750	11.3	6.1	701	8.3	4.8
Monsanto	751	11.3	10.6	708	8.2	7.9
HRT Industries	752	11.2	0.4	827	6.8	3.7
Berkshire Hathaway	753	11.2	5.9	557	10.1	6.5
Intl Tel & Tel	754	11.2	10.4	647	9.0	8.1
AMAX	755	11.2	def	621	9.4	def
Scovill	755	11.2	9.6	631	9.2	8.5

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years.
def: deficit.

Who's where in profitability

Company	Return on equity, 5-year rank	5-year average*	latest 12 months	Return on capital, 5-year rank	5-year average*	latest 12 months
Owens-Illinois	757	11.1%	7.5%	740	7.9%	6.1%
Pennwalt	758	11.1	7.9	699	8.3	6.4
Southern Company	759	11.1	13.9	886	5.8	6.6
Champion Intl	760	11.1	0.9	771	7.5	2.4
Northern Trust	761	11.0	10.8	570	9.9	10.3
General Host	762	11.0	15.2	794	7.3	9.1
Hart Schaffner & Marx	763	11.0	12.7	598	9.7	10.8
Philo Electric	763	11.0	13.2	868	6.3	7.0
Commonwealth Edison	765	11.0	13.8	867	6.3	7.2
AmeriTrust	766	11.0	9.8	477	11.0	9.8
Bemis	766	11.0	7.2	729	7.9	5.9
Anderson, Clayton	768	11.0	8.6	515	10.5	8.2
Santa Fe Industries	769	11.0	8.6	763	7.6	5.9
SCM	769	11.0	6.7	697	8.3	5.4
American Elec Power	771	11.0	10.5	821	6.9	6.5
Ametek	772	10.9	4.3	704	8.2	3.9
Champion Spark Plug	773	10.9	5.9	544	10.3	6.1
Stewart-Warner	774	10.8	5.0	509	10.6	4.8
Ohio Edison	775	10.8	13.2	849	6.6	7.4
AMF	776	10.8	7.5	711	8.2	6.2
Black & Decker	777	10.8	def	566	10.0	def
WICOR	778	10.8	7.9		**	**
Public Service Colo	779	10.7	13.0	858	6.3	7.1
Carson Pirie Scott	780	10.7	5.0	706	8.2	6.3
Louisiana-Pacific	781	10.7	def	788	7.3	def
Allen Group	782	10.7	2.1	701	8.3	3.7
Evans Products	783	10.6	def	626	9.3	0.7
UMC Industries	784	10.6	6.6	638	9.1	5.6
Anchor Hocking	785	10.5	4.4	695	8.3	4.1
Manufacturers National	786	10.5	8.1	622	9.4	7.7
Collins & Aikman	787	10.5	10.8	684	8.5	8.5
Shawmut	787	10.5	12.8	512	10.6	14.6
Control Data	789	10.5	9.4	646	9.0	8.6
Northeast Utilities	790	10.5	13.4	872	6.1	7.2
Armco	791	10.4	def	703	8.3	def
Koppers	791	10.4	3.4	677	8.6	4.3
Louisville Gas & Elec	791	10.4	10.6	881	5.9	5.7
H K Porter	794	10.4	2.0	686	8.5	4.0
Research-Cottrell	795	10.4	11.4	568	10.0	10.4
Central Soya	796	10.4	6.4	688	8.4	6.0
Boise Cascade	797	10.4	0.1	712	8.2	2.0
Pac Gamble Robinson	798	10.3	6.3	696	8.3	5.7
Gas Service	799	10.3	6.7	858	6.3	5.3
McDermott	799	10.3	13.0	793	7.3	8.5
Cummins Engine	801	10.3	2.6	731	7.9	3.0
Duquesne Light	801	10.3	11.6	871	6.2	6.4
Cities Service	803	10.2	8.0	756	7.7	5.8
Nationwide	803	10.2	8.6	521	10.5	8.7
Atlanta Gas Light	805	10.2	6.0	869	6.2	5.0
Carter Hawley Hale	806	10.2	5.7	838	6.7	4.5
DeSoto	807	10.2	4.7	685	8.5	4.5
Strawbridge & Clothier	808	10.1	7.8	744	7.8	6.3
Colt Industries	809	10.1	def	812	7.0	def
Detroit Edison	810	10.0	9.6	883	5.8	5.5
Amer Hoist & Derrick	811	10.0	def	749	7.8	1.5
ASARCO	812	9.9	def	679	8.6	def
IC Industries	813	9.9	5.4	864	6.3	4.5
Reynolds Metals	814	9.9	def	875	6.1	0.0
Fleetwood Enterprises	815	9.9	14.7	578	9.9	14.6
Amerace	816	9.9	2.5	853	6.5	2.8
Burroughs	817	9.9	7.5	657	8.9	6.1
Va Electric & Power	818	9.9	10.7	861	6.3	6.5
Amer Maize-Products	819	9.8	8.4	752	7.7	6.7
Arden Group	819	9.8%	10.1%	827	6.8%	7.5%
Dorsey	819	9.8	def	772	7.4	def
Sears, Roebuck	819	9.8	9.0	662	8.8	7.6
Dayco	823	9.8	1.3	864	6.3	2.8
Cluett, Peabody	824	9.8	10.8	666	8.8	9.8
Magic Chef	825	9.7	4.9	671	8.7	5.5
Roper Corp	826	9.7	5.8	790	7.3	5.0
Burlington Northern	827	9.7	10.4	815	7.0	7.7
Sybron	828	9.7	4.8	731	7.9	4.7
First Chicago	829	9.6	10.3	687	8.4	9.2
Kerr Glass Mfg	829	9.6	8.2	747	7.8	6.8
Arvin Industries	831	9.6	4.6	781	7.4	4.8
CSX	831	9.6	9.5	786	7.3	6.6
Goodyear	833	9.6	9.9	754	7.7	8.2
Jim Walter	834	9.6	0.7	834	6.7	2.8
Washington Gas Light	835	9.5	10.1	877	6.0	6.4
Longview Fibre	836	9.4	1.2	640	9.1	1.8
Harris Bankcorp	837	9.4	10.2	651	8.9	10.3
Kentucky Utilities	838	9.4	13.2	880	5.9	7.0
Equitable of Iowa	839	9.3	4.5	662	8.8	5.9
Skyline	840	9.3	5.5	625	9.3	5.5
Di Giorgio	841	9.3	6.4	808	7.0	5.4
Associated Dry Goods	842	9.2	9.6	689	8.4	7.6
Olin	843	9.2	8.9	803	7.1	6.9
Northwestern Steel	844	9.2	def	643	9.1	def
Deere	845	9.1	2.1	674	8.6	3.8
Chromalloy American	846	9.1	def	842	6.7	def
Springs Industries	847	9.1	12.2	730	7.9	10.8
Crown Zellerbach	848	9.1	4.4	847	6.7	3.5
Adolph Coors	849	9.0	6.4	692	8.4	5.8
Scot Lad Foods	850	9.0	3.9	854	6.5	4.6
Williams Cos	851	9.0	3.4	879	6.0	3.2
Marine Midland Banks	852	8.9	10.2	766	7.5	8.7
Armstrong World Inds	853	8.9	3.2	762	7.6	3.4
Stokely-Van Camp	854	8.9	11.3	817	6.9	8.4
Robertshaw Controls	855	8.8	4.7	784	7.3	4.6
Cyclops	856	8.8	def	797	7.2	1.3
Manhattan Industries	857	8.8	19.6	814	7.0	10.4
Dan River	858	8.7	2.7	845	6.7	3.2
Pruehauf	859	8.7	def	840	6.7	0.6
Frederick & Herrud	860	8.7	0.9	804	7.1	3.4
BanCal Tri-State	861	8.5	4.2	815	7.0	4.0
El Paso	862	8.4	19.7	908	4.9	8.2
Grumman	863	8.4	9.3	725	8.0	7.3
General Motors	864	8.4	5.2	737	7.9	4.5
King Kullen Grocery	865	8.4	9.4	724	8.0	8.9
BancOhio	866	8.3	7.3	727	8.0	7.2
Phillips-Van Heusen	867	8.3	7.8	808	7.0	7.2
Diamond Intl	868	8.3	2.4	760	7.6	3.2
Brockway Inc (NY)	869	8.2	7.1	836	6.7	6.2
Genl Tire & Rubber	870	8.1	3.3	842	6.7	3.4
Southwest Forest Inds	871	8.1	def	768	7.5	1.3
Hanna Mining	872	8.1	def	784	7.3	def
Sherwin-Williams	873	8.0	11.0	888	5.7	7.5
No Indiana Pub Svc	874	8.0	5.1	901	5.2	4.7
Munford	875	8.0	19.9	894	5.6	10.6
Pittston	876	7.8	7.7	851	6.6	6.4
Interlake	877	7.8	4.7	832	6.8	4.7
Libbey-Owens-Ford	878	7.7	3.1	775	7.4	4.1
Kellwood	879	7.6	11.0	807	7.1	11.1
Monfort of Colorado	880	7.6	43.5	884	5.8	29.1
Outboard Marine	880	7.6	11.2	850	6.6	9.0
Burlington Inds	882	7.4	4.5	876	6.1	4.1

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years. **Not available; not ranked.
def: deficit.

Who's where in profitability

Company	Return on equity rank	5-year average*	latest 12 months	Return on capital rank	5-year average*	latest 12 months
Shopwell	883	7.3%	12.9%	895	5.6%	7.5%
Manville	884	7.3	def	845	6.7	2.8
Southern Pacific	885	7.2	5.5	898	5.3	4.7
Varian Associates	886	7.1	12.3	848	6.6	10.4
Sheller-Globe	887	7.0	12.7	896	5.5	7.9
Golden West Finl	888	6.9	def	861	6.3	def
Polaroid	889	6.8	3.4	813	7.0	3.7
NVF	890	6.8	def	617	9.5	def
Hoover	891	6.8	def	937	3.7	def
Fidelcor	892	6.6	15.0	864	6.3	12.3
Kaufman & Broad	893	6.3	def	901	5.2	0.9
B F Goodrich	894	6.2	def	885	5.8	0.9
M Lowenstein	895	6.2	10.0	886	5.8	8.0
Lukens	896	6.1	5.3	899	5.2	3.0
Zenith Radio	897	5.9	def	889	5.7	0.9
Chic Pneumatic Tool	898	5.9	def	786	7.3	1.4
Del E Webb	899	5.8	def	726	8.0	4.0
Western Union	900	5.7	9.9	891	5.7	7.6
American Can	901	5.7	def	909	4.8	def
United States Steel	901	5.7	1.5	906	5.0	2.7
Reichhold Chemical	903	5.6	0.3	903	5.2	2.2
Toro	904	5.4	def	719	8.1	0.4
Armstrong Rubber	905	5.3	12.3	897	5.5	9.5
Revere Copper	906	5.3	def	934	3.7	def
Beneficial Corp	907	5.2	def	900	5.2	3.3
Primark	908	5.0	5.5	934	3.7	3.8
Inland Steel	909	4.9	def	925	4.2	def
Bethlehem Steel	910	4.8	def	921	4.3	def
Castle & Cooke	910	4.8	def	904	5.1	def
A O Smith	910	4.8	def	911	4.7	def
Gt Western Financial	913	4.8	def	905	5.1	def
Clark Equipment	914	4.7	def	924	4.2	def
Republic Steel	915	4.6	def	937	3.7	def
Tiger International	916	4.6	def	907	5.0	1.1
Bell & Howell	917	4.6	8.4	917	4.5	7.4
Interstate Bakeries	917	4.6	0.9	721	8.0	19.9
G C Murphy	919	4.6	3.4	921	4.3	3.6
General Public Utils	920	4.6	2.4	921	4.3	3.5
Phelps Dodge	921	4.5	def	930	3.9	def
Avondale Mills	922	4.5	0.6	918	4.5	0.9
Genesco	923	4.4	def	912	4.7	0.5
Kane-Miller	924	4.4	5.3	913	4.7	5.2
J P Stevens	925	4.3	4.5	919	4.5	4.4
Mohasco	926	4.2	3.4	916	4.6	4.8
Harnischfeger	927	4.1	def	928	4.0	def
National-Standard	928	4.1	def	940	3.6	def
Northwest Airlines	929	4.0	0.5	950	3.0	0.7
United Brands	930	3.8	def	932	3.8	1.1
H F Ahmanson	931	3.7	def	947	3.2	def
National Steel	932	3.7	def	948	3.1	def
Wheeling-Pitts Steel	933	3.7	def	933	3.8	def
U S Industries	934	3.6	7.6	927	4.0	7.3
F W Woolworth	935	3.4	def	939	3.6	def
Foodarama Supermkts	936	3.4	4.5	914	4.7	5.5
Borman's	937	3.3	11.3	929	4.0	8.4
First Charter Finl	938	3.3	def	915	4.6	def
Olympia Brewing	939	2.8	def	944	3.3	def
Trans World	939	2.8	def	926	4.0	1.6
Macmillan	941	2.7	11.0	944	3.3	9.5
UAL	942	2.6	def	956	2.3	def
Graniteville	943	2.1%	def	953	2.5%	def
Certain-teed	944	1.6	def	942	3.5	def
Allis-Chalmers	945	1.6	def	940	3.6	def
Alexander's	946	1.2	5.7%	954	2.5	4.5%
AMR	947	1.2	def	949	3.1	0.5
Pabst Brewing	948	0.8	0.3	961	1.0	0.6
Ramada Inns	949	0.6	def	943	3.3	0.9
Peabody Intl	950	0.6	1.9		**	3.3
Singer	951	0.5	def	946	3.2	0.3
Westmoreland Coal	952	0.4	8.6	959	1.5	9
Fedl Natl Mortgage	953	0.2	def	910	4.8	4.5
Pan Am World Airways	954	0.2	def	955	2.4	def
Cook United	955	def	def	934	3.7	0.4
Pettibone	956	def	def	931	3.8	def
Firestone	957	def	def	962	1.0	0.9
American Bakeries	958	def	def	951	2.8	def
Uniroyal	959	def	8.0	958	1.8	6.0
Ford Motor	960	def	def	965	0.4	def
Wilson Foods	961	def	20.0	963	0.9	10.8
Jonathan Logan	962	def	9.9	968	def	8.5
Kaiser Steel	963	def	1.8	971	def	3.5
Gulf Resources & Chem	964	def	def	957	2.1	2.2
Keystone Consolidated	965	def	def	972	def	def
Inco	966	def	def	964	0.4	def
Gibraltar Financial	967	def	def	967	def	def
Bird & Son	968	def	def	975	def	def
Edward Hines Lumber	969	def	def	977	def	def
Talley Industries	970	def	def	966	0.2	def
United Merch & Mfrs	971	def	def	973	def	def
General Refractories	972	def	def	974	def	def
GAF	973	def	def	976	def	0.9
Eastern Air Lines	974	def	def	952	2.7	def
First Pennsylvania	975	def	def	969	def	3.0
Western Air Lines	976	def	def	960	1.2	def
Great Atl & Pac Tea	977	def	0.5	981	def	2.9
Intl Harvester	978	def	def	979	def	def
Republic Airlines	979	def	def	919	4.5	def
American Motors	980	def	def	987	def	def
Texas Air	981	def	def	738	7.9	def
Commonwealth Oil Rfg	982	def	def	984	def	def
KDT Industries	983	def	def	982	def	def
Chrysler	984	def	NE	988	def	9.2
Sambo's Restaurants	985	def	def	986	def	def
Braniff Intl	986	def	def	983	def	def
AM International	987	def	def	989	def	def
Wickes Cos	988	def	def	978	def	def
Massey-Ferguson	989	def	def	985	def	def
Pantry Pride	990	def	NE	980	def	6.8
Rath Packing	991	def	def	990	def	def
Allied Supermarkets	992	def	15.6	969	def	12.7
Bruno's		**	36.2		**	24.8
CIGNA		**	19.3		**	18.5
Dillingham		**	8.3		**	7.0
Fuqua Industries		**	18.2		**	8.2
Imperial Corp of Am		**	def		**	def
Masonite		**	def		**	def
PennCorp Financial		**	12.8		**	10.7
Richardson-Vicks		**	13.4		**	13.2
RLC		**	6.6		**	**
Swift Independent		**	38.0		**	19.3

*For some companies (as noted in the individual Yardsticks tables) the average return is for less than five years. **Not available; not ranked.
NE: negative equity. def: deficit.

How they rank, long and short term, in earnings-per-share and sales growth in a 12-month period and on a five-year average.

Who's where in growth

IF YOU NEED ANY FURTHER confirmation that the U.S. economy has changed in a fundamental way, just study the table on page 236. It ranks, from first to last, 981 major companies appearing in our survey in order of their earnings-per-share compound growth rates—including years that span the last business cycle. Of the top 5, none is an old-line industrial company. Of the top 10 there are only 2: M. Lowenstein, a textile company in an earnings turnaround whose growth figures are badly distorted by deficits in prior years; and Litton Industries, a successful conglomerate with a sizable defense play. You have to drop to 19 to find an oil company.

What's on top? Apple Computer. Nike, the running-shoe people. A casino. An insurance holding company. And General Host, a specialty food retailer that makes most of its money in the fourth quarter selling Christmas gift packages.

Glance through the rest of the top 40, which averaged at least 32.5% a year (that's a quadrupling in five years). The spectacular earnings gains in this recession economy have been made by computers and electronics on the one hand, and information and services on the other: Wang Laboratories, Wendy's, Bruno's. Bruno's? It's a string of supermarkets in Alabama and nearby. Of the 40, only 14 could be characterized as old-line manufacturing or basic transportation companies, if you include Schlumberger, the oil-well services giant.

Now glance at the bottom 40, the ones who took the biggest pratfalls. Smokestack America, plus 6 airlines, outnumber all the rest 29 to 11—a ratio of nearly 3-to-1. Of the 11, 3 are supermarkets, 1 is a bank and 1 an S&L. None is a computer company. (The 18 companies at the very end are turnaround situations coming from deficit positions that made growth-rate calculations meaningless.)

What does all this mean? Just one more dramatic confirmation that the age of manufacturing is past and the age of services and information is here. It is interesting, though probably coincidental, that IBM, which is becoming something of the bellwether stock that General Motors used to be on Wall Street, falls almost in the middle of the list, at number 512.

The growth figures also dramatize the stagflation the country has been enduring most of the past decade. Over the ten years surveyed, the compounded inflation rate, based on the GNP deflator, has been 7.6%. Only 602 companies exceeded that, some only by a whisker. That means 40% of the companies reviewed here either showed no real compound earnings growth at all, or actually declined. Room for an essay there, but FORBES has written it before, repeatedly.

Who's where in growth

Company	Earnings per share rank	Earnings per share 5-year average*	Earnings per share 82† vs 1979-81	Sales rank	Sales 5-year average*	Sales 82† vs 1979-81	Company	Earnings per share rank	Earnings per share 5-year average*	Earnings per share 82† vs 1979-81	Sales rank	Sales 5-year average*	Sales 82† vs 1979-81
Apple Computer	1	127.2%	200.0%	1	154.3%	250.0%	Sun Chemical	64	28.6%	–55.4%	550	13.1%	23.4%
NIKE	2	98.0	223.0	3	90.6	164.6	Amer Medical Intl	65	28.6	62.3	102	26.8	82.3
Caesars World	3	91.8	–96.0	74	29.3	29.4	Big V Supermarkets	66	28.5	33.8	213	20.2	24.9
First Executive	4	90.0	65.1	2	94.4	190.4	Cullum Companies	67	28.4	3.9	481	14.2	25.2
General Host	5	87.6	36.8	993	–2.4	–6.7	United Energy Resources	68	28.3	24.6	46	33.7	35.7
Banger Punta	6	82.3	–92.9	368	16.3	–20.4	Dillingham	69	28.3	0.7	416	15.4	18.4
Resorts Intl	7	80.2	–20.4	14	46.2	3.1	Baker International	70	28.3	52.1	61	31.9	56.6
M Lowenstein	8	78.5	152.4	977	2.6	–10.7	Geico	71	28.2	–28.9	18	44.6	47.7
Subaru of America	9	71.9	108.2	25	41.4	28.4	E F Hutton Group	72	28.2	–10.0	43	33.8	35.0
Litton Industries	10	67.2	19.3	894	6.8	11.7	Meredith	73	27.9	28.4	407	15.5	27.2
Federal Express	11	62.9	83.7	10	53.8	101.1	Datapoint	74	27.7	–93.8	22	42.6	61.1
Thriftimart	12	57.0	–33.3	880	7.2	8.1	Berkshire Hathaway	75	27.7	–13.3	255	19.1	–3.3
Whittaker	13	56.8	14.0	514	13.7	20.7	Phibro-Salomon	76	27.5	–9.8	58	32.2	12.4
Tosco	14	56.6	138.8	44	33.8	33.8	Morton Thiokol	77	27.5	182.8	603	8.9	–6.7
Bergen Brunswig	15	53.0	53.6	346	16.8	56.8	Hughes Tool	78	27.3	21.9	55	32.4	38.1
ConoCo	16	51.3	121.8	37	36.7	78.7	Digital Equipment	79	27.1	28.3	48	33.5	61.6
Wang Laboratories	17	50.5	90.2	13	49.8	114.0	EG&G	80	26.8	36.4	153	22.7	29.5
Fairchild Industries	18	50.4	–53.0	86	27.8	17.4	Natl Convenience Stores	81	26.6	36.7	268	19.2	46.4
Standard Oil Ohio	19	47.9	14.0	68	30.4	17.7	Oak Industries	81	26.6	–3.5	131	23.9	39.7
Hanson	20	45.6	98.1	28	40.5	34.3	Marriott	83	26.4	29.6	286	18.3	35.9
U S Air	21	39.9	–2.1	287	18.2	32.4	Seaboard	84	26.3	156.7	956	4.3	–33.0
Phillips-Van Heusen	22	38.5	17.6	936	5.1	9.2	Dorchester Gas	85	26.2	–40.1	5	81.4	105.9
Metromedia	23	38.1	134.2	530	13.4	14.8	Raychem	86	26.0	–19.8	120	24.7	25.0
Savin	24	38.1	P–D	31	38.9	22.0	Alcan Aluminium	87	26.0	–75.1	532	13.4	–2.5
Storage Technology	25	37.6	25.0	15	45.7	61.1	M/A-Com	88	26.0	3.5	20	43.2	83.4
Tandy	26	37.5	90.2	202	20.5	48.5	Servicemaster Inds	89	25.9	41.4	140	23.3	36.5
Celeron	27	36.5	0.6	29	40.2	8.9	Fuqua Industries	90	25.7	66.9	73	29.6	–51.0
Business Men's Assur	28	35.6	–24.7	944	4.9	4.4	Worthington Inds	91	25.7	–14.0	185	26.5	27.7
General Instrument	29	35.6	35.7	548	13.2	22.2	Loews	92	25.5	3.3	420	15.4	6.1
Wendy's International	30	35.5	26.8	11	53.1	59.4	Baldwin-United	93	25.4	83.5	9	56.9	175.7
Teledyne	31	35.4	8.1	771	9.7	0.9	Supermarkets General	94	25.2	42.2	693	11.0	17.5
Mission Insurance	32	35.3	15.7	83	28.4	9.5	Geo International	95	25.1	–44.6	90	27.4	27.4
Boeing	33	35.2	–43.8	321	17.4	–2.1	Mattel	96	25.0	207.5	183	21.3	37.0
Cabot	34	34.4	–22.1	122	24.6	14.8	Manhattan Industries	97	25.0	D–P	873	7.3	11.1
Bruno's	35	34.2	85.2	223	19.9	36.8	Harris Corp	98	25.0	–24.7	217	20.1	37.1
Wal-Mart Stores	36	33.4	64.5	35	37.4	75.4	Hospital Corp of Am	99	24.9	59.3	50	33.3	104.1
Rally Manufacturing	37	33.2	56.4	64	31.4	93.4	Pitney Bowes	100	24.9	1.6	251	19.2	18.0
Schlumberger	38	32.8	41.4	117	24.8	29.8	Brown-Forman Dist	101	24.8	72.9	477	14.3	31.6
Western Co No Amer	39	32.7	36.2	36	36.7	51.7	Foster Wheeler	102	24.7	10.1	600	11.3	0.0
Food Town Stores	40	32.5	28.4	57	32.3	57.8	General Re	103	24.7	28.0	324	17.3	33.0
Warner Communications	40	32.5	45.3	112	25.6	70.8	Crum & Forster	104	24.6	–16.1	579	12.7	6.1
Cross & Trecker	42	32.5	14.9	311	17.7	7.5	Trans World	105	24.4	P–D	634	12.0	5.4
ConAgra	43	32.2	33.2	477	14.3	88.3	U S Home	106	24.4	P–D	260	18.9	–16.8
James River Corp Va	44	32.1	36.9	7	56.9	178.8	Kelly Services	107	24.0	–18.0	145	23.1	5.8
Cincinnati Milacron	45	32.1	–52.0	624	12.1	2.5	Control Data	108	23.6	1.3	481	14.2	15.8
Toys "R" Us	46	32.0	46.1	103	26.8	40.0	American Intl Group	109	23.5	34.1	155	22.7	28.3
Waste Management	47	31.9	56.8	86	28.1	60.8	Allied Bancshares	110	23.4	74.5	30	39.2	101.3
Penn Central	48	31.8	40.5	8	56.1	50.3	Dean Foods	111	23.4	34.2	377	16.1	19.8
SmithKline Beckman	49	31.5	14.9	121	24.7	69.1	Super Valu Stores	112	23.3	18.7	390	15.9	17.7
Mitchell Energy & Dev	50	30.9	3.1	33	38.8	40.4	Anheuser Busc	113	23.3	11.5	224	19.8	53.1
Texas Oil & Gas	51	30.7	72.3	59	32.1	52.7	Walgreen	114	23.2	44.6	852	7.8	32.5
G Heileman Brewing	52	30.6	28.1	80	28.6	22.2	Northwest Industries	115	23.1	38.6	397	15.8	–4.2
Ruddick	53	30.2	16.6	579	12.7	10.7	Peoples Drug Stores	116	23.0	23.7	523	13.5	26.1
Ryder System	54	30.2	11.4	221	20.0	20.3	Citizens & Sthrn Ga	117	23.0	31.0	617	12.2	30.5
Charter	55	30.1	–73.0	71	29.9	–11.2	Parsons	118	22.9	38.2	732	10.3	48.2
Tyco Laboratories	56	30.0	–5.4	45	33.7	100.8	Capital Cities Commun	119	22.9	27.0	190	20.8	32.3
Kaufman & Broad	57	29.8	P–D	822	8.5	–8.7	Hewlett-Packard	120	22.8	40.6	123	24.6	41.2
Natl Medical Enterps	58	29.7	84.6	16	45.6	117.0	Cameron Iron Works	121	22.8	66.8	292	18.2	56.6
Superior Oil	59	29.7	–15.1	66	30.9	35.6	Atlantic Richfield	122	22.4	12.6	165	22.3	17.5
Parker Drilling	60	29.5	39.7	52	32.7	45.5	Computer Sciences	123	22.3	–6.8	199	20.6	18.3
SCOA Industries	61	29.3	7.5	568	12.9	14.1	Dover	124	22.2	24.4	257	19.1	25.4
Hilton Hotels	62	29.1	–12.1	836	8.2	9.2	Rite Aid	124	22.2	21.0	313	17.6	22.6
Nucor	63	28.8	–39.6	132	23.7	5.3	Lear Siegler	126	22.2	–7.4	475	14.4	3.1

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit. D-P: deficit to profit.

Who's where in growth

Company	Earnings per share rank	5-year average*	82† vs 1979-81	Sales rank	5-year average*	82† vs 1979-81	Company	Earnings per share rank	5-year average*	82† vs 1979-81	Sales rank	5-year average*	82† vs 1979-81
Old Republic Intl	126	22.2%	9.0%	298	18.1%	12.5%	Morrison-Knudsen	190	19.1%	11.6%	343	16.8%	32.5%
Raytheon	128	22.1	11.8	383	16.1	18.5	Houston Natural Gas	191	19.1	33.0	160	22.5	35.1
Belco Petroleum	129	22.1	16.8	676	11.3	–45.1	Blount	192	19.1	18.9	584	12.7	19.7
Hanover Insurance	130	22.0	–7.4	463	14.5	18.0	Texas Commerce Bshs	193	19.0	40.9	54	32.5	57.3
American Stores	131	21.9	46.9	12	51.6	27.5	Combustion Eng	194	19.0	31.6	511	13.7	14.2
Cooper Industries	132	21.9	0.4	62	31.5	29.8	Aetna Life & Casualty	195	18.9	–5.1	457	14.6	10.3
Seagram	133	21.8	43.4	912	6.0	7.8	Intel	195	18.9	–62.3	49	33.4	11.9
Pioneer	134	21.8	–23.2	158	22.5	23.8	American Standard	197	18.9	–66.3	862	7.6	–13.4
Brunswick	135	21.7	654.3	903	6.5	–8.5	McGraw-Hill	198	18.9	20.9	608	12.3	18.4
Smith International	136	21.7	26.4	106	26.4	39.4	Amer Broadcasting	199	18.8	6.1	525	13.5	17.1
Kemper	137	21.6	–19.0	169	22.2	23.5	Merrill Lynch	200	18.8	18.2	108	26.3	51.0
Centex	138	21.3	–35.4	271	18.7	–9.0	Kroger	201	18.8	35.5	553	13.1	16.1
Payless Cashways	139	21.2	41.3	87	28.1	40.8	Melville	202	18.7	9.9	266	18.8	32.7
Tesoro Petroleum	140	21.2	–45.7	100	26.9	–17.1	Milton Bradley	203	18.7	–31.5	418	15.4	–5.7
PHH Group	141	21.1	46.0	77	29.0	70.5	Petrolane	204	18.7	31.3	191	20.8	33.4
Big Three Industries	142	21.0	15.9	130	23.9	21.6	Johnson Controls	205	18.7	22.0	94	27.2	20.4
Levi Strauss	143	21.0	–35.5	308	17.7	0.3	Std Commil Tobacco	206	18.6	34.8	81	28.5	16.3
Abbott Laboratories	144	20.9	29.6	352	16.6	25.2	Consolidated Papers	207	18.6	–26.7	520	13.6	7.1
Knudsen	145	20.9	–20.0	426	15.3	12.6	Snap-On Tools	207	18.6	–3.5	359	16.4	7.2
Dayton-Hudson	146	20.8	6.6	258	19.0	31.1	Rose's Stores	209	18.6	5.4	902	6.6	15.0
R H Macy	146	20.8	40.9	629	12.0	30.0	H J Heinz	210	18.6	34.8	563	13.0	25.1
Tektronix	148	20.7	–13.0	142	23.2	28.0	Shawmut	210	18.6	26.0	334	17.1	60.7
Zurn Industries	149	20.7	15.3	800	8.9	9.3	Wyman-Gordon	210	18.6	60.3	396	15.8	–7.9
Eatex	150	20.6	27.1	89	27.5	46.6	Data General	213	18.5	–60.4	38	36.1	27.4
Crown Central Petroleum	151	20.6	–48.1	151	22.8	35.2	American Brands	214	18.5	–0.3	767	9.7	2.5
Service Merchandise	152	20.6	16.5	47	33.5	28.5	Westinghouse Electric	215	18.4	14.9	889	7.0	15.0
AMP	153	20.4	–2.4	328	17.3	10.9	United States Gypsum	216	18.4	–50.0	780	9.5	–11.2
Getty Oil	153	20.4	–7.8	114	25.3	33.3	Avco	217	18.3	–54.6	771	9.7	17.5
Perkin-Elmer	153	20.4	–19.8	148	23.0	7.7	Ashland Oil	218	18.3	–35.4	414	15.4	11.0
NCR	156	20.4	–0.7	844	8.0	7.9	Di Giorgio	219	18.3	–28.9	885	7.8	–4.5
Acme-Cleveland	157	20.4	–29.0	533	13.4	–14.7	PennCorp Financial	220	18.2	39.7	715	10.6	13.3
Albertson's	158	20.3	31.8	269	18.7	23.4	Evans Products	221	18.2	P–D	848	7.8	–10.8
Freeport-McMoran	159	20.3	–29.7	297	18.1	14.1	Giant Food	221	18.2	100.5	605	12.3	21.0
Washington Post	159	20.3	36.2	438	14.9	18.7	Honeywell	221	18.2	9.2	605	12.3	13.6
Browning-Ferris Inds	161	20.3	49.2	496	14.0	26.9	Alcoa	224	18.2	–87.8	646	11.8	–5.8
Frontier Holdings	162	20.3	14.1	188	20.9	17.3	Dynalectron	224	18.2	72.2	349	16.7	9.0
Ohio Casualty	163	20.2	–19.1	418	15.4	4.8	Transamerica	226	18.1	–20.7	750	10.0	2.1
Anheuser-Busch Cos	164	20.1	48.2	330	17.2	30.1	Alexander & Alexander	227	17.9	–25.9	116	25.0	34.8
Nevco D S	165	20.1	30.3	240	19.5	44.3	Ramark	228	17.9	–30.8	991	–1.8	–25.7
Burlington Northern	166	20.0	3.9	315	17.5	7.1	Brown Group	229	17.8	23.3	784	9.5	12.1
McDonald's	167	20.0	31.2	300	18.0	22.1	Consol Freightways	229	17.8	–26.9	661	11.5	–21.0
Sysco	168	19.9	58.7	278	18.4	52.4	Deluxe Check Printers	229	17.8	31.2	415	15.4	24.1
First Boston	169	19.8	147.6	26	41.3	113.7	American General	232	17.8	10.2	690	11.1	22.7
General Cinema	170	19.8	58.2	362	16.4	15.9	Transco Energy	233	17.8	38.2	60	32.0	44.7
Zayre	170	19.8	39.3	824	8.4	23.6	Cluett, Peabody	234	17.7	33.2	916	5.9	15.6
Nedolk Southern	172	19.8	10.1	723	10.5	9.0	Hyster	235	17.7	–77.9	728	10.4	–26.9
Fluor	173	19.8	–2.9	65	31.3	55.3	Pay Less Drug NW	236	17.6	19.5	144	23.2	23.5
Shaklee	173	19.8	23.9	135	23.5	19.6	Bankers Trust NY	237	17.6	20.7	244	19.4	30.2
H H Robertson	175	19.7	14.5	688	11.1	16.6	First Union	238	17.5	9.0	228	19.7	53.9
Baxter Travenol Labs	176	19.7	32.5	295	18.2	20.2	Security Pacific	238	17.5	12.8	162	22.5	37.8
Savannah Foods	177	19.7	201.5	942	4.9	6.2	Barnett Banks Fla	240	17.5	16.3	189	20.9	65.4
Chubb	178	19.6	–25.3	777	9.6	14.9	VF	241	17.4	78.1	770	9.7	30.6
Murphy Oil	178	19.6	14.2	326	17.3	30.2	Research-Cottrell	242	17.4	44.0	559	13.1	20.0
SEDCO	180	19.5	617.6	684	11.2	43.0	Halliburton	243	17.3	12.4	383	16.1	10.0
Reading & Bates	181	19.5	37.1	268	18.7	34.2	Fort Howard Paper	244	17.3	26.7	387	16.0	29.4
Southwood	182	19.5	–6.7	641	11.9	6.5	Valley National	245	17.3	–14.7	197	20.6	30.8
Auto Data Processing	183	19.5	34.1	123	24.6	48.6	Farmers Group	246	17.2	11.6	447	14.8	25.2
Trinity Industries	184	19.4	–37.2	226	19.8	–15.3	Mercantile Texas	247	17.2	29.9	17	45.5	78.2
Republic New York	185	19.3	13.5	19	43.9	67.3	Bendix	248	17.1	–47.7	846	7.9	1.6
Safeco	186	19.3	–5.1	578	12.8	10.9	IU International	249	17.1	–61.4	962	3.9	–11.9
NL Industries	187	19.2	52.9	811	8.7	15.9	Travelers	249	17.1	–15.8	720	10.5	24.6
Philip Morris	188	19.2	28.3	207	20.3	19.6	Wheelabrator-Frye	251	17.1	17.6	101	26.9	22.5
USF&G	189	19.1	–46.3	546	13.2	3.4	Dow Jones	252	17.1	41.5	320	17.4	31.4

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	82† vs 1979-81	Sales rank	5-year average*	82† vs 1979-81	Company	Earnings per share rank	5-year average*	82† vs 1979-81	Sales rank	5-year average*	82† vs 1979-81
Dun & Bradstreet	252	17.1%	31.0%	411	15.5%	24.1%	Standard Oil Calif	316	15.3%	-30.5%	381	16.1%	0.2%
Zapata	252	17.1	97.6	767	9.7	-0.8	Levitz Furniture	317	15.3	-60.3	909	6.1	-8.6
Dan River	255	17.0	-72.5	938	5.0	-10.2	Amer Hospital Supply	318	15.2	41.9	399	15.7	22.0
General Signal	256	16.9	6.6	212	20.2	10.7	Natomas	319	15.2	-49.7	63	31.4	27.6
Alleghany	257	16.9	9.4	21	42.6	19.1	Scovill	319	15.2	-4.9	896	6.8	-19.7
Times Mirror	257	16.9	-6.7	366	16.3	15.4	NCNB	321	15.1	14.0	237	19.5	32.3
Tyson Foods	259	16.9	130.0	316	17.5	31.6	American Natl Ins	322	15.0	-5.0	833	8.3	9.5
Union Pacific	260	16.8	-7.1	181	21.4	16.7	Waldbaum	323	14.9	58.9	534	13.4	17.3
United States Shoe	261	16.8	15.2	614	12.2	14.8	Kay	324	14.9	P-D	424	15.3	-21.0
Turner Construction	262	16.8	50.0	231	19.7	29.9	InterFirst	325	14.8	20.9	84	28.3	55.4
Pioneer Hi-Bred Intl	263	16.8	33.6	317	17.5	38.0	Trane	326	14.7	-8.8	642	11.8	7.4
Piedmont Aviation	264	16.8	13.6	149	22.9	42.2	Borg-Warner	327	14.7	14.2	801	8.9	13.4
Gannett	265	16.7	18.5	125	24.4	20.8	Girard	328	14.7	-3.2	594	12.4	21.9
Nordstrom	266	16.7	18.9	215	20.1	36.5	Pennzoil	329	14.7	-25.3	301	17.9	-0.6
Masco	267	16.7	16.6	296	18.1	6.4	PACCAR	330	14.6	-49.4	673	11.4	-23.3
Phillips Petroleum	267	16.7	-31.3	232	19.7	21.0	First Natl Boston	331	14.6	15.7	136	23.4	20.2
First Interstate Bancp	269	16.6	-0.8	241	19.5	34.9	Sonoco Products	332	14.6	-5.3	410	15.5	9.2
Marsh Supermarkets	270	16.6	15.9	661	11.5	12.4	Marsh & McLennan Cos	333	14.6	3.4	301	17.9	33.0
Federal-Mogul	271	16.6	-19.8	597	12.4	4.9	Union Oil California	334	14.6	26.0	530	13.4	11.2
Hock's	272	16.5	0.2	216	20.1	-4.0	Avery International	335	14.5	12.6	538	13.3	15.2
Palm Beach	273	16.5	-51.5	146	23.0	22.0	Emerson Electric	335	14.5	15.5	322	17.4	15.3
Figgie International	274	16.4	24.8	864	7.6	-2.8	Ball Corp	337	14.5	25.5	412	15.5	29.2
Engelhard	275	16.4	6.4	98	27.0	-19.0	Genuine Parts	338	14.4	10.0	400	15.7	25.7
United Virginia Bshs	276	16.4	19.4	442	14.9	35.1	Bausch & Lomb	339	14.4	12.5	735	10.2	-3.6
Holly Corp	277	16.4	43.7	82	28.4	47.2	G D Searle	340	14.4	61.6	863	7.6	3.4
American Express	278	16.4	11.5	307	17.8	35.0	Quaker Oats	341	14.4	-10.3	679	11.3	15.6
Springs Industries	278	16.4	56.8	882	7.1	4.4	Southeast Banking	342	14.3	-4.9	200	20.5	38.1
Bank of New England	280	16.4	8.4	85	28.2	61.6	Pillsbury	343	14.3	19.9	285	18.3	21.8
Weis Markets	280	16.4	26.2	551	13.1	16.7	Dillon Cos	344	14.3	47.7	327	17.3	32.9
Rohm & Haas	282	16.3	-14.5	717	10.6	7.1	Perini	344	14.3	43.6	154	22.7	35.3
First City Bancorp	283	16.3	14.1	69	30.4	51.9	Hershey Foods	346	14.3	29.0	310	17.7	16.5
Ceco	284	16.1	-17.4	776	9.6	3.2	Dexter	347	14.2	-7.0	177	21.7	2.9
Jewel Cos	285	16.1	21.2	769	9.7	23.0	Minn Mining & Mfg	347	14.2	-4.3	579	12.7	10.2
Martin Marietta	285	16.1	-25.0	347	16.8	29.7	Farm House Foods	349	14.2	31.5	32	38.8	34.0
Seaway Food Town	287	16.1	-16.4	542	13.3	22.9	Kidde	350	14.2	2.6	400	15.7	7.7
Thrifty Corp	287	16.1	16.2	658	11.6	18.0	Chesebrough-Pond's	351	14.2	16.0	421	15.3	17.9
City Investing	289	16.1	-35.6	342	16.9	7.5	Standard Oil Indiana	351	14.2	0.8	290	18.2	13.9
Signal Cos	289	16.1	-39.1	373	16.2	9.1	Pacific Resources	353	14.1	-63.6	95	27.1	40.5
Shell Oil	291	16.0	11.7	345	16.8	7.7	Interpublic Group	354	14.1	-1.9	337	17.1	23.2
Idle Wild Foods	292	16.0	25.8	719	10.5	-3.0	Panhandle Eastern	355	14.1	11.1	99	26.9	29.0
Natl Semiconductor	292	16.0	P-D	78	28.6	20.5	Kaneb Services	356	14.0	28.2	39	35.6	22.3
SONAT	294	16.0	45.8	115	25.2	41.6	Illinois Tool Works	357	14.0	-5.3	622	12.1	9.1
Republic Finl Svcs	295	16.0	9.6	436	15.0	19.2	Jack Eckerd	358	14.0	-2.2	185	21.2	34.9
Knight-Ridder News	296	16.0	2.3	534	13.4	17.2	Electronic Data Systems	359	13.9	62.5	134	23.6	46.1
Archer Daniels Midland	297	15.9	4.4	599	12.4	32.0	Flowers Industries	360	13.9	38.5	331	17.2	39.6
Maryland Cup	297	15.9	19.1	416	15.4	14.6	General Mills	361	13.9	27.2	542	13.3	25.7
Fleet Financial	299	15.8	29.7	350	16.7	33.0	Rockwell Intl	362	13.8	15.2	884	7.1	10.2
W W Grainger	300	15.8	3.8	374	16.2	3.3	U S Bancorp	363	13.8	0.7	269	18.7	29.4
National Svc Inds	300	15.8	15.6	730	10.3	12.6	R R Donnelley & Sons	364	13.8	20.8	372	16.2	24.9
First Wisconsin	302	15.7	4.0	555	13.1	14.2	Chase Manhattan	365	13.7	-13.0	197	20.6	29.6
A C Nielsen	302	15.7	44.9	256	19.1	31.4	Irving Bank	366	13.7	-1.4	214	20.1	30.8
Gordon Jewelry	304	15.7	-15.6	311	17.7	13.2	Missouri Pacific	366	13.7	-4.5	544	13.2	10.8
Mobil	305	15.7	-35.5	253	19.1	9.3	Dibrell Brothers	368	13.6	100.3	669	11.4	29.9
Air Prods & Chems	306	15.6	-7.5	449	14.8	11.5	Texas Gas Transmn	368	13.6	11.7	171	22.1	31.2
Vulcan Materials	307	15.6	-8.6	588	12.6	-1.9	Consolidated Foods	370	13.6	31.7	424	15.3	19.6
Southland	308	15.6	28.2	204	20.5	37.3	Norton	370	13.6	-65.1	469	14.5	4.0
Upjohn	309	15.5	-12.6	555	13.1	3.9	Hannaford Bros	372	13.6	49.7	655	11.7	14.7
Universal Leaf	310	15.5	25.8	818	8.5	22.5	Alco Standard	373	13.5	10.1	329	17.2	28.2
St Paul Cos	311	15.5	25.5	622	12.1	12.3	Dresser Industries	374	13.5	-7.4	362	16.4	11.6
Parker Pen	312	15.4	-95.1	139	23.3	-4.0	Richardson-Vicks	375	13.5	-7.4	486	14.2	16.1
PepsiCo	312	15.4	21.1	247	19.3	23.3	Denny's	376	13.4	46.0	201	20.5	34.8
Johnson & Johnson	314	15.4	29.5	376	16.2	19.8	Bristol-Myers	377	13.4	25.3	667	11.5	14.2
Kimberly-Clark	315	15.4	-6.7	685	11.1	14.3	New York Times	378	13.4	33.1	665	11.5	23.7

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Who's where in growth

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Southwest Bancshares	379	13.3%	38.4%	104	26.5%	74.8%	Paine Webber	442	11.6%	285.9%	51	32.8%	35.8%
Foxboro	380	13.3	25.9	539	13.3	21.1	Joy Manufacturing	443	11.5	27.1	609	12.2	15.3
Morse Shoe	381	13.3	–59.8	497	13.9	1.9	Arkla	444	11.5	26.5	164	22.4	31.1
Carpenter Technology	382	13.3	–40.0	603	12.3	–15.3	Curtice-Burns	445	11.5	39.7	176	21.7	39.2
Motorola	383	13.2	–18.3	434	15.0	20.0	Roper Corp	445	11.5	–15.4	947	4.8	0.9
Longs Drug Stores	384	13.2	12.1	364	16.4	18.5	Winn-Dixie Stores	445	11.5	22.4	534	13.4	25.0
Best Products	385	13.2	–24.3	119	24.7	17.3	Economics Laboratory	448	11.4	9.5	501	13.9	22.8
Texas Eastern	386	13.1	–1.0	143	23.2	37.8	General Foods	449	11.4	19.1	709	10.6	18.8
Intl Flavors & Frag	387	13.0	–3.5	627	12.0	3.3	Mellon National	449	11.4	28.7	264	18.9	43.0
Stewart & Stevenson	387	13.0	29.7	359	16.4	28.6	Univar	449	11.4	–40.4	775	9.6	1.6
Amsted Industries	389	13.0	–71.2	721	10.5	–28.9	Crown Cork & Seal	452	11.4	–23.9	705	10.7	–3.9
American Greetings	390	13.0	21.5	455	14.7	29.4	Pneumo	452	11.4	58.2	407	15.5	19.0
Occidental Petroleum	390	13.0	–67.5	277	18.5	42.0	Capital Holding	454	11.3	20.1	467	14.5	79.5
Wells Fargo	390	13.0	8.0	179	21.5	26.6	Ametek	455	11.3	12.8	692	11.0	5.1
Mercantile Stores	393	13.0	35.5	599	12.4	19.0	Eli Lilly	455	11.3	12.7	444	14.9	17.6
Noblesse Brands	393	13.0	27.9	816	8.6	9.0	J P Morgan	457	11.3	21.4	149	22.9	35.8
Et-Cell-O	395	13.0	2.9	237	19.5	2.8	Witco Chemical	458	11.3	–21.4	398	15.7	14.3
Tidewater	396	12.9	25.1	152	22.8	28.6	MGM Grand Hotels	459	11.3	–37.5	510	13.7	22.5
Hart Schaffner & Marx	397	12.9	30.7	886	7.0	21.1	R J Reynolds Inds	459	11.3	30.4	430	15.1	20.0
Nalco Chemical	398	12.9	–2.0	574	12.8	6.7	Oneok	461	11.2	29.1	133	23.7	28.1
Gulf United	399	12.9	3.5	187	21.0	46.5	Empire	462	11.2	14.0	110	25.7	–9.9
George A Hormel	400	12.9	–12.9	897	6.7	3.7	Provident Life & Acc	462	11.2	–12.2	944	4.9	6.6
Sun Company	401	12.9	–35.2	163	22.4	18.2	Texas Instruments	464	11.2	–17.9	289	18.2	11.3
Texas American Bshs	402	12.9	26.7	91	27.3	51.4	Petrie Stores	465	11.2	–6.1	661	11.5	16.9
Lubrizol	403	12.8	–40.1	488	14.2	–2.6	Purolator	466	11.2	44.3	540	13.3	27.7
Roadway Services	403	12.8	9.2	587	13.8	–0.2	Santa Fe Industries	467	11.2	15.7	499	13.9	4.6
CPC International	405	12.7	15.0	802	8.9	2.3	MCA	468	11.1	26.3	572	12.9	14.6
Northrop	406	12.7	–87.0	654	11.7	33.6	Lincoln National	469	11.1	–17.4	590	12.6	18.0
Flickinger	407	12.7	31.9	584	12.7	26.2	Eastman Kodak	470	11.1	–3.1	583	12.7	9.9
Kaiser Alum & Chem	408	12.6	P–D	653	11.7	1.0	Magic Chef	470	11.1	–42.8	282	18.3	12.9
RepublicBank	408	12.6	27.5	75	29.2	47.3	Chemical New York	472	11.0	20.1	195	20.6	27.8
McCormick	410	12.5	27.7	382	16.1	27.6	PPG Industries	473	11.0	–31.0	774	9.6	2.4
Stanley Works	411	12.5	–30.0	659	11.6	5.5	Mercantile Bancorp	474	11.0	22.6	205	20.3	28.6
Harvey Hubbell	412	12.5	15.0	369	16.3	7.0	Coca-Cola	475	11.0	9.7	501	13.9	7.3
Square D	413	12.4	–18.2	474	14.4	10.8	InterNorth	476	10.9	–4.7	211	20.2	31.0
Holiday Inns	414	12.4	–26.6	826	8.3	3.0	Leaseway Transportation	476	10.9	–24.9	625	12.1	10.1
Earle M Jorgensen	414	12.4	–18.6	757	9.9	–12.7	Scott Paper	476	10.9	–20.1	688	11.1	11.4
Chic & North Western	416	12.4	P–D	685	11.1	–6.0	Stop & Shop Cos	479	10.9	76.7	829	8.3	8.2
Rollins	416	12.4	14.4	508	13.8	27.6	Gates Learjet	480	10.9	–34.9	168	22.2	27.6
American Home Products	418	12.4	22.7	696	10.9	18.0	Malone & Hyde	480	10.9	26.8	389	15.9	19.7
Walt Disney	419	12.3	–20.7	630	12.0	13.8	National Can	482	10.8	–36.3	700	10.8	3.6
Edison Bros Stores	420	12.3	–37.1	645	11.8	7.0	TRW	483	10.8	–15.3	619	12.1	5.1
General Electric	421	12.3	14.7	690	11.1	6.9	Combined Internatl	484	10.8	–6.0	432	15.1	40.9
Revlon	422	12.2	–34.3	203	20.5	11.4	Fleming Cos	485	10.7	21.8	527	13.5	21.6
Kellogg	423	12.1	19.8	652	11.7	12.6	Becton, Dickinson	486	10.7	11.6	445	14.9	18.6
Amerada Hess	424	12.1	–58.9	357	16.6	7.0	Tyler	487	10.7	–40.5	369	16.3	43.2
Procter & Gamble	425	12.0	28.5	591	12.5	15.8	Wachovia	488	10.7	12.1	323	17.4	41.1
Suburban Propane Gas	425	12.0	1.6	229	19.7	18.0	Merck	489	10.6	3.6	605	12.3	13.0
Pittsburgh National	427	12.0	21.3	136	23.4	36.4	BankAmerica	490	10.5	–25.1	186	21.0	25.9
Am Natural Resources	428	11.9	51.0	156	22.6	29.1	McGraw-Edison	490	10.5	–8.8	422	15.3	15.1
Exxon	429	11.9	–17.3	404	15.6	3.6	Moore McCormack Res	490	10.5	–48.1	306	17.8	9.3
Avnet	430	11.9	1.5	506	13.8	–8.5	Tecumseh Products	493	10.4	–13.0	860	7.6	–14.3
Handy & Harman	431	11.9	–47.8	700	10.8	–22.7	Crocker National	494	10.4	–57.1	180	21.4	39.5
Carnation	432	11.9	19.8	796	9.1	6.1	United Technologies	494	10.4	–9.8	170	22.1	15.9
CBI Industries	432	11.9	29.0	823	8.4	48.8	Dillard Dept Stores	496	10.4	56.2	230	19.7	39.6
Continental Corp	432	11.9	–27.5	794	9.2	3.4	ENSERCH	497	10.4	10.3	95	27.1	34.8
GATX	435	11.8	–43.7	811	8.7	9.8	First Natl State Bcp	498	10.3	29.1	283	18.3	39.4
Niagara Frontier Services	436	11.7	–1.3	314	17.5	24.5	Brooklyn Union Gas	499	10.3	24.8	293	18.2	45.8
E I du Pont	437	11.7	–25.1	232	19.7	104.3	Lone Star Industries	500	10.3	P–D	933	5.3	–1.6
Rainier Bancorp	437	11.7	–1.3	175	21.8	26.9	Maryland National	501	10.2	14.2	260	18.9	29.4
National Gypsum	439	11.7	–73.7	779	9.5	–7.2	Nationwide	501	10.2	–2.9	748	10.0	16.7
North American Coal	440	11.6	167.0	549	13.2	19.5	Jefferson-Pilot	503	10.2	–5.5	741	10.2	14.1
Time Inc	441	11.6	3.3	129	23.9	21.0	Pacific Lighting	504	10.2	–6.8	166	22.3	40.4

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	82† vs 1979-81	Sales rank	5-year average*	82† vs 1979-81	Company	Earnings per share rank	5-year average*	82† vs 1979-81	Sales rank	5-year average*	82† vs 1979-81
North Amer Philips	505	10.2%	-21.8%	447	14.8%	19.5%	New England Electric	568	8.7%	24.9%	698	10.8%	11.3%
Emhart	506	10.2	24.5	205	20.3	4.1	Continental Illinois	569	8.6	-52.5	111	25.7	31.1
Fischbach	507	10.1	46.9	751	10.0	31.9	Diversified Energies	570	8.6	1.4	192	20.7	43.2
Gerber Products	507	10.1	4.9	671	11.4	9.9	Briggs & Stratton	571	8.5	-4.8	567	12.9	1.9
Dennison Mfg	509	10.1	-21.6	547	13.2	15.5	Ogden	572	8.5	-20.1	891	6.9	0.3
Cyclops	510	10.1	P-D	756	9.9	-7.9	So New England Tel	573	8.5	5.0	621	12.1	24.0
Marine Midland Banks	510	10.1	20.4	354	16.6	29.7	MAPCO	574	8.4	-21.8	41	34.5	26.9
Citicorp	512	10.0	36.6	127	24.2	26.2	Bemis	575	8.4	-30.1	972	3.1	2.4
IBM	512	10.0	13.5	587	12.6	23.9	IC Industries	575	8.4	-43.2	236	19.6	-1.9
Consol Natural Gas	514	10.0	21.0	284	18.3	29.2	May Dept Stores	577	8.4	9.0	757	9.9	10.7
Allegheny Intl	515	10.0	-58.7	503	13.9	91.6	Owens-Illinois	577	8.4	-29.3	788	9.3	-4.7
Northwest Bancorp	516	10.0	-14.2	178	21.6	34.4	Bank of New York	579	8.3	33.6	97	27.0	36.6
Newmont Mining	517	10.0	-75.0	806	8.8	-15.4	Union Camp	579	8.3	-19.5	759	9.9	-2.1
First Bank System	518	9.9	-6.8	182	21.3	40.3	Scott & Fetzer	581	8.3	3.9	440	14.9	-6.1
Lucky Stores	519	9.9	-14.1	406	15.5	19.6	Duke Power	582	8.2	6.2	569	12.9	29.1
Texaco	520	9.8	-27.4	456	14.7	0.3	First Natl Supermkts	583	8.2	26.9	67	30.5	-1.7
ASARCO	521	9.8	P-D	901	5.6	-16.9	Gulf & Western Inds	584	8.1	-45.1	537	13.4	-2.1
West Point-Pepperell	522	9.7	9.3	636	11.9	-4.3	Commercial Metals	585	8.0	-35.1	332	17.2	-13.3
E-Systems	523	9.7	59.0	492	14.0	54.0	Campbell Soup	586	8.0	18.2	721	10.5	18.6
Pfizer	524	9.6	26.6	632	12.0	13.5	Schering-Plough	586	8.0	-14.9	437	15.0	9.2
Anderson, Clayton	525	9.6	-6.4	926	5.7	-9.1	United Telecom	586	8.0	-16.3	473	14.4	21.3
Xerox	526	9.6	-19.0	505	13.8	7.0	Strawbridge & Clothier	589	8.0	-6.7	745	10.1	11.5
Cone Mills	527	9.5	-56.4	925	5.7	-11.4	Insilco	590	8.0	-45.6	707	10.7	4.7
USLIFE	528	9.5	-3.6	647	11.8	9.1	Sperry	591	7.9	-46.1	755	9.9	2.0
Northwest Energy	529	9.5	-66.1	195	20.6	13.6	Hammermill Paper	592	7.9	-17.6	490	14.1	15.9
Fieldcrest Mills	530	9.4	-60.0	806	8.8	-5.4	Federated Dept Stores	593	7.9	-10.9	712	10.6	15.8
First Security	530	9.4	17.6	243	19.4	28.1	Westvaco	593	7.9	-31.4	760	9.9	3.9
Gt Northern Nekoosa	530	9.4	-13.5	599	12.4	8.0	Clorox	595	7.8	29.5	971	3.3	40.5
Foremost-McKesson	533	9.4	-14.4	795	9.1	3.8	CFS Continental	596	7.8	47.1	517	13.6	24.3
Parker-Hannifin	533	9.4	-31.4	275	18.6	12.5	General Dynamics	596	7.8	-40.4	429	15.1	21.9
Borden	535	9.3	18.6	923	5.7	-7.9	Gifford-Hill	596	7.8	P-D	467	14.5	-12.6
FMC	536	9.3	5.6	782	9.5	3.0	Avon Products	599	7.8	-25.5	566	13.0	15.2
A E Staley Mfg	536	9.3	-13.2	395	15.8	-6.5	National Fuel Gas	600	7.8	22.9	352	16.6	32.5
CSX	538	9.3	-2.9	712	10.6	6.6	American Tel & Tel	601	7.7	5.2	643	11.8	23.0
Zale	539	9.2	-90.6	868	7.5	1.9	Central Steel & Wire	602	7.7	-71.5	826	8.3	-21.7
Dorsey	540	9.2	P-D	253	19.1	-8.9	NBD Bancorp	603	7.6	7.5	340	17.0	33.8
H K Porter	540	9.2	-79.3	626	12.1	-17.2	Stauffer Chemical	604	7.6	-2.4	714	10.6	-3.2
Whirlpool	542	9.2	4.8	904	6.4	-3.0	NICOR	605	7.6	-25.8	224	19.8	24.8
SCM	543	9.2	-35.9	857	7.7	0.1	TECO Energy	606	7.5	-17.4	386	16.0	12.4
Washington National	543	9.2	-34.9	643	11.8	2.7	Florida Power & Lt	607	7.5	27.9	338	17.0	24.8
Ampco-Pittsburgh	545	9.2	P-D	136	23.4	-6.9	Midland-Ross	608	7.4	-78.3	477	14.3	-5.9
UGI	546	9.1	-12.9	147	23.0	54.7	A H Robins	609	7.4	24.3	682	11.2	11.1
Southern Union	547	9.1	-45.8	172	21.9	18.4	ACF Industries	610	7.4	2.5	738	10.2	-8.2
Intl Multifoods	548	9.1	30.4	930	5.5	3.1	Southern Pacific	610	7.4	-26.6	764	9.8	8.0
Hercules	549	9.0	-41.8	731	10.3	1.0	Blue Bell	612	7.4	-39.4	483	14.2	0.6
Torchmark	549	9.0	9.0	588	12.6	59.4	Wisconsin Elec Power	613	7.3	41.3	483	14.2	27.6
McDonnell Douglas	551	9.0	9.5	559	13.1	20.1	King Kullen Grocery	614	7.3	38.5	519	13.6	18.0
W R Grace	552	9.0	15.8	727	10.4	5.6	Texas Utilities	614	7.3	25.7	237	19.5	41.8
Laclede Gas	552	9.0	24.3	336	17.1	43.2	Stone Container	616	7.3	-41.5	709	10.6	11.3
Consolidated Edison	554	8.9	31.6	780	9.5	21.9	Sterling Drug	617	7.3	4.8	724	10.4	6.9
Beatrice Foods	555	8.9	-3.8	616	12.2	4.5	California First Bank	618	7.2	-63.4	92	27.3	27.5
Centel	555	8.9	11.2	293	18.2	25.0	Corning Glass Works	619	7.2	-74.7	855	7.8	4.0
Philadelphia Natl	555	8.9	38.7	469	14.5	19.6	DeSoto	620	7.1	-50.2	966	3.6	-5.2
Stanadyne	555	8.9	-16.0	667	11.5	-10.0	Allied Stores	621	7.0	-9.8	866	7.6	30.0
Celanese	559	8.9	-63.5	732	10.3	-5.3	Gillette	622	7.0	6.7	789	9.3	2.2
Universal Foods	560	8.8	56.9	210	20.3	31.5	Greyhound	623	7.0	-13.0	943	4.9	-3.7
Moore Corp	561	8.8	-8.7	656	11.6	7.8	Wisconsin Pwr & Lt	624	7.0	42.1	431	15.1	24.6
Nashua	562	8.8	P-D	512	13.7	-4.3	BanCal Tri-State	625	7.0	-49.6	628	12.0	30.6
Hanson	563	8.8	-15.4	540	13.3	-0.3	Continental Telecom	626	6.9	6.5	379	16.1	37.1
Kerr-McGee	564	8.7	8.5	487	14.2	15.2	Columbia Gas System	627	6.9	4.2	245	19.3	37.8
Saga	564	8.7	148.6	394	15.8	24.2	Godfrey	628	6.9	-19.1	639	11.9	15.3
Centerre Bancorp	566	8.7	-13.4	160	22.5	40.2	Hawaiian Electric	629	6.8	33.0	194	20.6	45.2
Manufacturers Hanover	567	8.7	11.9	118	24.7	42.4	International Paper	629	6.8	-67.6	852	7.8	-16.8

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†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	82† vs 1979-81	Sales rank	5-year average*	82† vs 1979-81
Stokely-Van Camp	629	6.8%	58.4%	934	5.3%	5.0%
Gulf Oil	632	6.8	–26.2	718	10.5	6.9
Wisconsin Public Svc	632	6.8	4.9	446	14.8	30.3
Norton Simon	634	6.8	–2.9	669	11.4	0.0
Houston Industries	635	6.8	16.7	76	29.2	52.9
Louisiana Land	636	6.8	–56.7	109	25.9	16.2
Seafirst	637	6.7	P–D	126	24.3	36.5
Signor	637	6.7	P–D	34	37.7	32.9
Tenneco	639	6.7	–2.5	309	17.7	16.7
Interco	640	6.7	–20.1	709	10.6	10.2
Barnes Group	641	6.6	P–D	504	13.8	1.4
Equitable of Iowa	642	6.6	–50.5	291	18.2	5.1
No States Power	642	6.6	38.0	597	12.4	30.1
Dart & Kraft	644	6.5	–33.0	786	9.4	6.2
Delta Air Lines	645	6.5	P–D	379	16.1	21.2
American Petrofina	646	6.5	–35.4	375	16.2	8.4
Timken	646	6.5	–63.0	743	10.1	–14.2
Midcon	648	6.4	22.4	113	25.5	39.8
Comerica	649	6.4	–3.2	234	19.6	34.1
Central & South West	650	6.4	10.7	304	17.8	35.1
Cessna Aircraft	651	6.4	–60.7	497	13.9	–16.8
Nash Finch	651	6.4	8.4	613	12.2	12.8
Pay'n Save	653	6.3	–25.0	272	18.6	18.8
Boston Edison	654	6.3	–23.6	609	12.2	21.5
Caterpillar Tractor	654	6.3	–76.9	647	11.8	–8.0
Kansas-Neb Nat Gas	656	6.3	7.5	220	20.0	27.3
AmeriTrust	657	6.2	–0.6	465	14.5	12.0
Dana	658	6.2	–43.9	457	14.6	–6.5
Continental Group	659	6.1	–21.5	829	8.3	2.2
K mart	660	6.1	–24.3	423	15.3	16.2
Emery Air Freight	661	6.1	–47.4	383	16.1	10.0
MGM/UA Entertainment	661	6.1	–19.9	95	27.3	259.7
N Y State Elec & Gas	663	6.1	28.4	483	14.2	32.0
GTE	664	6.0	17.8	708	10.7	16.0
Ingersoll-Rand	665	6.0	–33.0	649	11.8	3.8
Rochester Gas & Elec	665	6.0	35.8	521	13.5	28.9
Boise Cascade	667	6.0	–98.9	673	11.4	–3.1
Reynolds Metals	667	6.0	P–D	676	11.3	–11.2
Public Service Indiana	669	6.0	38.2	453	14.7	20.9
Mead	670	5.9	–92.6	617	12.2	2.2
Harcourt Brace Jovan	671	5.9	–15.6	469	14.5	14.2
Ethyl	672	5.9	–1.8	765	9.8	–3.3
Allen Group	673	5.9	–82.1	879	7.3	–6.8
L B Foster	673	5.9	–76.1	592	12.5	–4.2
J C Penney	673	5.9	34.3	839	8.2	2.4
Amfac	676	5.8	–62.7	742	10.2	11.7
Bucyrus-Erie	677	5.8	–44.3	815	8.7	36.0
CBS	678	5.8	–37.6	553	13.1	4.9
Hoover Universal	678	5.8	–20.2	740	10.2	–3.3
Northern Trust	680	5.8	10.1	249	19.2	32.9
Carson Pirie Scott	681	5.7	–53.6	673	11.4	30.4
Echlin	682	5.6	41.8	428	15.2	44.1
Sherwin-Williams	682	5.6	33.1	760	9.9	38.7
Athlone Industries	684	5.6	–59.6	954	4.4	–10.0
Equifax	685	5.6	3.8	790	9.3	12.6
Robertshaw Controls	685	5.6	–44.4	808	8.8	–3.3
Penn Traffic	687	5.5	–10.8	366	16.3	9.9
National City	688	5.5	–3.7	167	22.2	24.8
AMAX	689	5.5	P–D	351	16.7	–11.0
Ferro	690	5.5	–52.6	570	12.9	–5.4
Calbro	691	5.4	–31.0	962	3.9	–1.3
Federal Co	691	5.4	1.2	435	15.0	16.8
Varian Associates	691	5.4	155.1	559	13.1	18.3
Wm Wrigley Jr	694	5.4%	13.4%	696	10.9%	5.1%
Walter E Heller Intl	695	5.4	104.2	303	17.9	17.3
Super Food Services	696	5.3	24.8	348	16.8	16.7
Peoples Energy	697	5.3	–1.1	276	18.5	27.1
Alexander & Baldwin	698	5.2	–15.9	960	4.0	–5.6
Maytag	698	5.2	–13.6	847	7.9	7.6
Commonwealth Energy	700	5.1	–11.5	695	11.0	22.8
Marion	701	5.1	P–D	42	34.0	7.3
Ideal Basic Inds	702	5.0	P–D	773	9.6	–7.3
Niagara Mohawk Power	703	5.0	30.2	516	13.6	27.5
Ralston Purina	703	5.0	–54.2	829	8.3	–2.1
American Family	705	5.0	–20.1	70	30.2	29.7
Riegel Textile	705	5.0	–46.7	869	7.4	–4.5
Central Illinois Lt	707	4.9	25.2	390	15.9	18.8
Goodyear	708	4.9	18.5	813	8.7	2.8
Federal Paper Board	709	4.9	0.4	917	5.8	10.4
Intl Minerals & Chem	709	4.9	–11.5	798	9.0	–17.1
Safeway Stores	709	4.9	15.0	738	10.2	14.9
Allied Corp	712	4.8	13.5	335	17.1	18.4
Southwestern Pub Svc	713	4.7	22.9	242	19.4	28.7
Mountain Fuel Supply	714	4.7	33.1	218	20.0	35.3
ARA Services	715	4.6	–29.3	476	14.4	6.2
Baltimore Gas & Elec	716	4.5	12.8	515	13.7	29.7
Transway Intl	717	4.5	–23.2	914	6.0	–9.6
Gas Service	718	4.5	–31.8	279	18.4	45.6
Kansas Power & Light	718	4.5	16.2	407	15.5	23.3
Michigan National	720	4.5	–97.1	287	18.2	28.8
Southwest Forest Inds	720	4.5	P–D	895	6.8	–19.0
Southern Calif Edison	722	4.4	19.2	392	15.9	26.3
Exton	723	4.4	–53.4	650	11.8	–12.4
Household Intl	724	4.4	–22.2	457	14.6	23.9
Montana Power	725	4.3	18.9	252	19.2	12.6
Potomac Elec Power	726	4.3	13.1	609	12.2	23.8
Collins & Aikman	727	4.3	35.3	833	8.3	5.2
Intl Tel & Tel	728	4.2	–2.5	840	8.1	–5.2
Washington Gas Light	729	4.2	4.0	405	15.6	43.0
Union Carbide	730	4.1	–35.0	725	10.4	–5.9
Kansas City Pwr & Lt	731	4.1	13.8	452	14.7	11.9
Anchor Hocking	732	4.1	–54.6	702	10.8	6.4
Colgate-Palmolive	733	4.1	24.3	745	10.1	1.8
Western Union	734	4.0	148.7	871	7.4	19.4
Pacific G.. & Elec	735	4.0	35.2	319	17.4	25.8
DEKALB AgResearch	736	3.9	–52.9	555	13.1	9.1
Lowe's Companies	736	3.9	9.2	576	12.8	7.3
Textron	738	3.9	–25.2	899	6.7	–9.9
Armco	739	3.8	P–D	570	12.9	4.0
Butler Manufacturing	740	3.8	–41.0	840	8.1	1.6
Consumers Power	741	3.7	1.4	594	12.4	18.1
Indianapolis Pwr & Lt	741	3.7	–5.3	527	13.5	13.8
Pennwalt	741	3.7	–23.9	817	8.5	–11.3
Carolina Pwr & Lt	744	3.7	6.8	464	14.5	33.0
Union Electric	745	3.6	13.1	596	12.4	15.4
Pacific Pwr & Lt	746	3.6	21.0	128	24.1	33.6
Squibb	746	3.6	8.7	888	7.0	4.1
Circle K	748	3.5	P–D	263	18.9	37.3
St Regis Paper	749	3.5	–30.9	685	11.1	–3.0
Dow Chemical	750	3.5	–47.7	439	14.9	4.3
American Cyanamid	751	3.5	–19.5	676	11.3	3.1
Arizona Public Service	752	3.4	14.5	318	17.5	34.0
Florida Progress	753	3.4	–3.1	365	16.3	18.3
WICOR	753	3.4	–21.0	304	17.8	36.8
Owens-Corning Fbrgls	755	3.3	–66.2	333	17.2	1.0
B F Goodrich	756	3.2	P–D	803	8.9	–0.4

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit.

Who's where in growth

Company	Earnings per share rank	5-year average*	82† vs 1979-81	Sales rank	5-year average*	82† vs 1979-81	Company	Earnings per share rank	5-year average*	82† vs 1979-81	Sales rank	5-year average*	82† vs 1979-81
RCA	756	3.2%	–8.9%	797	9.0%	4.4%	Harris Bankcorp	820	0.4%	23.2%	250	19.2%	28.0%
Pub Svc Elec & Gas	758	3.2	5.2	552	13.1	29.5	AMF	821	0.3	–33.8	949	4.8	–17.1
Cummins Engine	759	3.2	–70.0	529	13.5	–6.6	Sybron	821	0.3	–50.1	931	5.5	–12.5
Liquid Air	760	3.1	–14.9	656	11.6	10.4	Portland Genl Elec	823	0.1	64.7	209	20.3	21.3
Cities Service	761	3.0	–29.8	354	16.6	6.9	Champion Intl	824	0.0	–91.2	878	7.3	–2.6
Gulf States Utils	761	3.0	–10.5	235	19.6	19.7	Adolph Coors	825	–0.1	–22.3	753	10.0	7.9
National Distillers	763	3.0	–24.0	881	7.2	–8.2	Monsanto	826	–0.2	8.3	698	10.8	–2.3
Olin	763	3.0	8.6	876	7.3	–1.3	Northeast Utilities †	827	–0.2	34.3	524	13.5	29.3
Atlanta Gas Light	765	2.9	–34.4	174	21.9	39.5	Southern Company	827	–0.2	22.7	461	14.6	28.4
Middle South Utils	766	2.8	12.2	299	18.0	24.1	UMC Industries	829	–0.4	–39.9	766	9.8	–1.6
Manufacturers National	767	2.8	–9.1	246	19.3	24.4	Carter Hawley Hale	830	–0.5	–42.2	402	15.6	12.3
Cincinnati G & E	768	2.8	7.1	472	14.4	29.3	Va Electric & Power	831	–0.5	11.4	426	15.3	16.8
Delmarva Power & Lt	769	2.7	20.2	513	13.7	22.7	Polaroid	832	–0.7	–36.1	735	10.2	–4.6
Allegheny Power	770	2.7	32.4	388	15.9	33.9	Louisville Gas & Elec	833	–0.8	–7.3	369	16.3	25.3
Associated Dry Goods	771	2.6	1.9	749	10.0	43.0	Koppers	834	–0.8	–65.5	651	11.7	–7.0
Central Ill Pub Svc	771	2.6	16.0	450	14.8	15.7	Public Service Colo	835	–1.0	20.8	218	20.0	33.4
Quaker State Oil	773	2.6	30.6	260	18.9	16.4	Coastal Corp	836	–1.2	38.1	72	29.8	8.8
Illinois Power	774	2.5	10.2	377	16.1	25.3	Dayco	837	–1.2	–65.6	782	9.5	–2.6
Copperweld	775	2.5	–62.4	704	10.7	–11.8	Fruehauf	838	–1.2	P–D	683	11.2	–13.6
Georgia-Pacific	776	2.4	–52.2	564	13.0	0.9	Brockway Inc (NY)	839	–1.3	–8.4	555	13.1	17.0
Black & Decker	777	2.4	P–D	521	13.5	–14.6	Burlington Inds	840	–1.3	–43.0	939	5.0	–2.4
Weyerhaeuser	778	2.3	–61.4	751	10.0	–4.3	Diamond Shamrock	841	–1.4	–13.1	227	19.7	11.3
Kerr Glass Mfg	779	2.3	3.0	565	13.0	23.0	Toledo Edison	842	–1.5	18.8	393	15.9	17.3
Armstrong World Inds	780	2.3	–64.4	873	7.3	–4.1	American Elec Power	843	–1.7	–8.8	325	17.3	17.6
United Illuminating	780	2.3	34.9	466	14.5	21.0	Amstar	843	–1.7	–63.3	967	3.6	–12.1
Central Soya	782	2.2	–35.1	906	6.3	–2.6	Arvin Industries	845	–1.8	–42.7	885	7.1	7.0
Burroughs	783	2.2	–10.6	575	12.8	33.4	Dravo	846	–1.8	–77.4	609	12.2	15.8
Dayton Power & Light	784	2.1	28.6	461	14.6	31.6	Amerace	847	–1.9	–76.5	915	5.9	–12.7
So Carolina E & G	785	2.1	–4.7	412	15.5	25.3	Colonial Penn Group	848	–2.1	–26.2	207	20.3	33.0
Raymond Intl	786	1.9	3.1	78	28.6	96.4	Amer Hoist & Derrick	849	–2.2	P–D	825	8.4	–7.5
Phila Electric	787	1.9	17.4	562	13.1	28.7	Fisher Foods	850	–2.2	–39.1	987	0.3	–47.1
Sears, Roebuck	788	1.9	4.9	870	7.4	13.4	Manville	851	–2.4	P–D	630	12.0	–10.5
Louisiana-Pacific	789	1.8	P–D	402	15.6	–27.0	Hoover	852	–2.4	P–D	917	5.8	–12.3
Potlatch	789	1.8	–67.3	821	8.5	–0.8	Kentucky Utilities	852	–2.4	32.8	492	14.0	24.8
Utah Power & Light	789	1.8	3.8	158	22.5	23.9	Genl Tire & Rubber	854	–2.5	–54.3	958	4.1	–5.8
Long Island Lighting	792	1.8	5.3	433	15.0	23.4	Ohio Edison	855	–2.5	16.8	494	14.0	25.6
Eagle-Picher Inds	793	1.7	–48.1	819	8.5	–1.7	Warner-Lambert	856	–2.8	61.0	803	8.9	–0.9
Deere	794	1.7	–66.3	637	11.9	–7.4	Bell & Howell	857	–3.1	377.6	854	7.8	14.5
Eastern Gas & Fuel	795	1.7	26.6	637	11.9	35.7	Outboard Marine	858	–3.2	119.8	893	6.8	4.9
Stewart-Warner	796	1.6	–51.8	946	4.9	–12.8	Crane	859	–3.2	–78.3	920	5.8	–19.9
Detroit Edison	797	1.6	–12.2	681	11.3	14.1	Del E Webb	860	–3.3	P–D	912	6.0	–27.7
Wetterau	798	1.6	–8.1	489	14.1	33.7	Jim Walter	861	–3.3	–92.1	792	9.2	–2.4
Easco	799	1.6	38.2	639	11.9	11.7	Crown Zellerbach	862	–3.3	–51.4	793	9.2	–0.1
Fleetwood Enterprises	799	1.6	187.9	760	9.9	17.3	Kellwood	863	–3.4	354.4	887	7.0	4.3
White Consolidated	799	1.6	–57.6	661	11.5	–4.9	Duquesne Light	864	–3.4	5.0	576	12.8	10.4
Rexnord	802	1.5	–77.9	619	12.1	–7.0	Royal Crown Cos	864	–3.4	13.2	715	10.6	5.1
San Diego Gas & Elec	803	1.4	64.3	184	21.3	42.7	Champion Spark Plug	866	–3.4	–45.4	732	10.3	–3.0
Amer Maize-Products	804	1.4	–9.3	703	10.7	–13.1	Northwestern Steel	867	–3.7	P–D	845	8.0	–40.7
A O Smith	805	1.3	P–D	936	5.1	–9.4	Interlake	868	–4.2	–50.7	799	9.0	–23.1
Penn Power & Light	806	1.3	8.4	635	11.9	27.8	Frederick & Herrud	869	–4.2	–90.5	499	13.9	33.1
Bethlehem Steel	807	1.2	P–D	922	5.8	–16.9	Wheeling-Pitts Steel	870	–4.3	P–D	961	3.9	–27.1
First Chicago	808	1.1	33.4	265	18.9	29.3	Yellow Freight System	871	–4.3	–29.6	544	13.2	9.5
BancOhio	809	1.1	5.2	339	17.0	27.5	Borman's	872	–4.4	D–P	706	10.7	3.4
Willamette Inds	809	1.1	P–D	508	13.8	–1.3	Hanna Mining	873	–4.5	P–D	986	0.3	–51.9
Gould	811	1.0	–22.9	441	14.9	–0.9	Williams Cos	874	–4.8	–68.9	525	13.5	–10.7
Munford	812	0.9	167.9	976	2.7	16.4	Armstrong Rubber	875	–5.1	793.2	787	9.4	27.5
Cleveland Elec Illum	813	0.8	29.5	593	12.5	19.7	Diamond Intl	876	–5.3	–72.6	851	7.8	–20.3
Ryan Homes	813	0.8	–90.7	584	12.7	–24.8	Lukens	877	–5.4	–38.2	871	7.4	3.9
Atlantic City Elec	815	0.7	–17.6	495	14.0	27.9	McDermott	878	–5.4	42.4	56	32.4	18.1
Pac Gamble Robinson	816	0.6	–33.7	829	8.3	11.4	Chic Pneumatic Tool	879	–5.9	P–D	743	10.1	–12.3
Commonwealth Edison	817	0.6	28.2	491	14.1	25.7	Colt Industries	880	–6.3	P–D	659	11.6	–22.4
Oklahoma Gas & Elec	818	0.4	54.7	273	18.6	26.3	Libbey-Owens-Ford	881	–6.3	–53.0	820	8.5	–5.7
Skyline	818	0.4	–28.5	965	3.7	–23.6	Chromalloy American	882	–6.5	P–D	814	8.7	–24.8

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit. D-P: deficit to profit.

Who's where in growth

Company	Earnings per share rank	5-year average*	82† vs 1979-81	Sales rank	5-year average*	82† vs 1979-81
Republic Steel	883	-6.5%	P-D	826	8.3%	-21.0%
Longview Fibre	884	-6.8	-87.9%	809	8.7	5.9
Mohasco	885	-6.9	-2.9	970	3.3	-18.7
Fidelcor	886	-7.8	101.5	837	8.2	29.2
United States Steel	887	-8.0	-75.3	753	10.0	36.5
Avondale Mills	888	-8.0	-88.2	928	5.6	-12.6
No Indiana Pub Svc	889	-8.2	-48.3	259	19.0	22.9
Zenith Radio	890	-8.5	P-D	959	4.0	8.6
Grumman	891	-8.6	24.4	924	5.7	23.7
Phelps Dodge	892	-8.8	P-D	910	6.0	-21.3
General Motors	893	-8.9	4.6	810	8.7	-0.9
J P Stevens	894	-9.2	41.6	860	7.6	-1.2
NVF	895	-9.3	P-D	582	12.7	0.8
Kane-Miller	896	-9.7	53.3	988	-0.7	21.2
U S Industries	897	-9.7	D-P	995	-4.1	-11.8
G C Murphy	898	-10.0	-46.3	890	6.9	5.4
Reichhold Chemicals	899	-10.5	-96.0	632	12.0	-6.9
American Can	900	-10.8	P-D	778	9.6	-6.6
Gt Western Financial	901	-12.3	P-D	281	18.4	32.1
Inland Steel	902	-12.4	P-D	842	8.1	-15.5
Northwest Airlines	903	-12.5	-85.6	599	12.4	15.0
Toro	904	-13.0	P-D	358	16.5	-36.7
National Steel	905	-13.5	P-D	848	7.8	-18.6
Sheller-Globe	906	-13.7	604.5	908	6.2	-6.7
Beneficial Corp	907	-14.2	P-D	883	7.1	-10.5
Tiger International	908	-14.3	P-D	107	26.3	14.0
General Public Utils	909	-14.7	-27.4	517	13.6	30.0
Pittston	910	-15.0	-12.1	763	9.8	24.8
Primark	911	-15.0	30.8	361	16.4	18.4
Olympia Brewing	912	-15.1	P-D	864	7.6	-10.1
Castle & Cooke	913	-15.3	P-D	454	14.7	1.6
Monfort of Colorado	914	-15.7	D-P	341	16.9	36.3
Golden West Finl	915	-16.1	P-D	53	32.7	46.3
National-Standard	916	-16.5	P-D	911	6.0	-22.3
H F Ahmanson	917	-16.7	P-D	274	18.6	35.8
Foodarama Supermkts	918	-17.1	813.8	932	5.4	2.4
Amdahl	919	-17.7	-51.6	193	20.7	16.2
Clark Equipment	920	-18.1	P-D	980	2.2	-26.9
UAL	921	-19.2	D-D	615	12.2	12.5
F W Woolworth	922	-19.4	P-D	876	7.3	-18.7
First Charter Finl	923	-19.5	P-D	356	16.6	9.1
El Paso	924	-20.2	D-P	222	19.9	13.1
Harnischfeger	925	-20.4	P-D	745	10.1	-17.8
RLC	926	-21.0	-70.0	928	5.6	-4.2
Allis-Chalmers	927	-23.7	P-D	900	6.6	-16.2
Macmillan	928	-24.6	D-P	981	0.9	-22.6
Alexander's	929	-27.4	D-P	907	6.3	2.5
Graniteville	930	-29.2	P-D	950	4.7	-13.8
Certain-teed	931	-29.6	D-D	873	7.3	-9.9
Consol Petroleum	932	-35.3	P-D	4	84.0	43.2
Masonite	933	-35.8	P-D	985	0.4	-7.5
Pabst Brewing	934	-38.6	D-P	953	4.5	-6.0
AMR	935	-45.2	D-D	457	14.6	10.6
Peabody Intl	936	-45.5	2,000.0	737	10.2	14.1
Ramada Inns	937	-47.7	P-D	665	11.5	37.3
Fedl Natl Mortgage	938	-53.8	D-D	343	16.8	34.9
Westmoreland Coal	939	-56.1	D-P	952	4.6	27.2
AM International	940	P-D	D-D	934	5.3	-20.6
American Bakeries	940	P-D	D-D	951	4.6	-1.0
American Motors	940	P-D	D-D	940	5.0	-4.0
Bird & Son	940	P-D	D-D	866	7.6%	-24.5%
Braniff Intl	940	P-D	D-D	451	14.8	-15.9
Chrysler	940	P-D	D-P	994	-3.3	-0.9
Firestone	940	P-D	P-D	955	4.3	-17.2
First Pennsylvania	940	P-D	D-D	892	6.9	-19.0
Ford Motor	940	P-D	D-D	859	7.7	-6.8
GAF	940	P-D	D-D	992	-2.3	-26.7
General Refractories	940	P-D	D-D	897	6.7	-18.9
Gibraltar Financial	940	P-D	D-D	157	22.6	26.9
Gulf Resources & Chem	940	P-D	D-D	694	11.0	-28.3
Edward Hines Lumber	940	P-D	D-D	919	5.8	-34.9
Inco	940	P-D	D-D	941	5.0	-43.5
Intl Harvester	940	P-D	D-D	927	5.6	-23.1
Interstate Bakeries	940	P-D	D-P	858	7.7	10.3
Jonathan Logan	940	P-D	D-P	973	3.0	-7.2
Kaiser Steel	940	P-D	D-P	905	6.3	-16.6
KDT Industries	940	P-D	D-D	572	12.9	-23.4
Keystone Consolidated	940	P-D	D-D	962	3.9	-18.0
Lockheed	940	P-D	D-P	843	8.1	12.1
Massey-Ferguson	940	P-D	D-D	957	4.1	-22.5
Pantry Pride	940	P-D	D-P	999	-8.7	-26.1
Pettibone	940	P-D	P-D	785	9.5	-27.3
Republic Airlines	940	P-D	D-D	27	41.0	55.2
Sambo's Restaurants	940	P-D	D-D	728	10.4	-38.0
Talley Industries	940	P-D	D-D	984	0.6	-21.9
Uniroyal	940	P-D	D-P	983	0.8	-13.6
Western Air Lines	940	P-D	D-D	604	12.3	4.4
Wickes Cos	940	P-D	D-D	280	18.4	12.8
Allied Supermarkets	971	D-D	D-P	1000	-8.7	1.9
Commonwealth Oil Rfg	971	D-D	D-D	978	2.5	-58.0
Cook United	971	D-D	P-D	969	3.4	39.5
Eastern Air Lines	971	D-D	D-D	477	14.3	11.1
Great Atl & Pac Tea	971	D-D	D-P	989	-1.2	-21.2
Pan Am World Airways	971	D-D	P-D	442	14.9	10.2
Rath Packing	971	D-D	D-D	982	0.8	11.6
Singer	971	D-D	D-D	975	2.8	-5.6
Texas Air	971	D-D	D-D	23	42.2	275.7
United Merch & Mfrs	971	D-D	D-D	998	-7.6	-19.3
Wilson Foods	971	D-D	D-P	974	3.0	-2.8
Arden Group		D-P	14.8%	990	-1.7	0.9
Beverly Enterprises		D-P	57.0	40	35.4	129.8
CNA Financial		D-P	-17.9	833	8.3	9.3
Donaldson, Lufkin		D-P	50.0	24	41.8	33.0
GEICO		D-P	-0.6	948	4.8	10.1
Genesco		D-P	P-D	997	-6.4	-21.7
HRT Industries		D-P	-95.1	671	11.4	17.7
LTV		D-P	-80.5	141	23.2	-4.6
MCI Communications		D-P	327.3	6	58.4	155.0
Pueblo International		D-P	38.7	996	-6.0	21.3
Revere Copper		D-P	P-D	838	8.2	-17.8
Rohr Industries		D-P	83.1	968	3.5	16.8
Scot Lad Foods		D-P	-52.7	979	2.3	0.9
Shopwell		D-P	139.3	791	9.3	20.7
Todd Shipyards		D-P	50.2	173	21.9	23.4
United Brands		D-P	P-D	725	10.4	2.0
Valero Energy		D-P	46.8	267	18.7	15.1
Warnaco		D-P	27.2	921	5.8	6.3
CIGNA		**	**		**	**
Imperial Corp of Am		**	P-D		**	**
Swift Independent		**	**	850	7.8	13.3

*For some companies (as noted in individual Yardsticks tables) the growth rate is for less than five years. For comparison, the five-year average annual increase in prices was 7.6%, as measured by the Department of Commerce's *Implicit Price Deflator for Gross National Product*, which measures inflation in all sectors of the economy.
†Latest 12-months. P-D: profit to deficit. D-P: deficit to profit; not ranked. D-D: deficit to deficit. **Not available; not ranked.

The superstars on the list below are mighty impressive, but hindsight is still hindsight; look further down for the superstars of the next five years.

Who's where in the stock market

THERE'S NOTHING LIKE a market rally, even at the tail end of a five-year period. Last year, when we reported on market performance of 1,000 companies in the FORBES Report on American Industry, two out of three had failed even to keep pace with post-1975 inflation. This year, it's close to half: Of the 976 companies ranked below, the stocks of 471 bettered the 58% rise in the Consumer Price Index between Jan. 1, 1978 and Nov. 17, 1982.

A lot of that gain, of course, has come in the past year, especially since August, vaulting some of the star performers to the top of the list. This is particularly true of the brokerage house stocks: E.F. Hutton, Donaldson, Lufkin, Paine Webber and First Boston all rank among the top 50 companies. And, as usual, the stocks below outperformed the narrow market measures, showing a median gain of 54.5% over the five-year period. That is not spectacular, considering 58% inflation, but better than the DJIA—up just 24% over the same period—and the S&P's 500, up 45%. The Wilshire 5000, the broadest market measure of all, was up 61%, but at that, 458 of the ranked companies bettered even the Wilshire.

Some of the superstars at the top of the list are impressive, especially if you bought them five years ago. If you didn't, then hindsight, after all, is only hindsight. The stars of the next five years may be a good deal further down. The lower reaches of the list, in fact, are fully as interesting as the 1,000% and 2,000% gainers at the top. There are some intriguing names down there with smokestack industries and hardship cases, or in the midrange treadmill of stocks that went nowhere in five years, neither gaining nor losing more than a percentage point or two.

Despite the recent market rise, over 400 of these 1,002 companies are selling at less than book value, over 60 at P/Es of 5 or less. From their ranks, perhaps, will come more than a few examples of what will be, instead of what might have been.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
1	1	First Executive	2,530.4%	15⅛ – ½	14⅝	$4.72	3.1	$1.37	11	none	0.0%
2	*	MCI Communications	2,114.2	39¾ – 1⅜	37⅜	2.51	14.9	1.41	27	none	0.0
3	3	Subaru of America	1,891.3	60¼ – 2¾	57¼	11.03	5.2	6.28	9	$0.92	1.6
4	2	Wang Laboratories	1,699.7	55⅜ – 2½	52⅞	9.63	5.5	1.87	28	0.16	0.3
5	*	Comdisco	1,473.2	29¼ – 1⅜	27½	5.17	5.3	2.27	12	0.24	0.9
6	6	Humana	1,449.0	43⅜ – 2¼	39⅜	6.02	6.5	2.14	18	0.80	2.0
7	39	Toys "R" Us	1,151.6‡	50⅜ – 2⅜	47¾	6.65	7.2	1.50	32	none	0.0
8	20	Bergen Brunswig	1,130.8	34 – 2½	32	7.66	4.2	1.69	19	0.32	1.0
9	17	Tandy	1,002.9	51¼ – 3⅞	48¼	7.83	6.2	2.27	21	none	0.0
10	13	Anixter Bros	966.2	20⅞ – 1¾	19	6.68	2.8	1.13	17	0.20	1.1
11	51	Food Town Stores	930.3	23 – 1⅞	19¾	2.99	6.6	0.79	25	0.08	0.4
12	74	Zayre	860.1	68 – 5⅞	68	30.22	2.3	4.17	16	0.40	0.6
13	*	Beverly Enterprises	856.3	39¼ – 3⅜	38¼	12.35	3.1	1.91	20	0.40	1.0
14	24	E F Hutton Group	757.0	48⅞ – 4½	44¾	19.40	2.3	3.47	13	0.80	1.8
15	36	Wal-Mart Stores	754.2	44⅞ – 4⅜	43¼	5.09	8.5	1.53	28	0.18	0.4
16	19	SCOA Industries	743.7	38 – 3⅞	36	9.81	3.7	2.19	16	0.64	1.8
17	31	Sysco	707.1	37¾ – 4⅛	35⅞	9.98	3.6	1.82	20	0.32	0.9
18	12	Waste Management	691.5	53½ – 5¾	50⅛	9.74	5.1	2.31	22	0.52	1.0
19	9	Natl Medical Entrprs	668.3	28¼ – 3⅛	26	9.09	2.9	1.68	15	0.50	1.9
20	3	M/A-Com	638.1	35½ – 2⅞	23⅛	6.77	3.5	0.80	29	0.16	0.7
21	29	Metromedia	634.5	280 – 31½	258	36.95	7.0	27.95	9	5.00	1.9
22	23	General Instrument	607.4	52½ – 6½	51⅞	16.51	3.1	3.38	15	0.50	1.0
23	16	Piedmont Aviation	602.5	39 – 5¼	35⅛	18.63	1.9	4.01	9	0.28	0.8
24	182	U S Air	576.7	27⅞ – 3¼	25⅜	20.26	1.3	3.42	7	0.12	0.5
25	103	Donaldson, Lufkin	568.0	23⅜ – 2½	20⅞	9.01	2.3	1.33	16	0.20	1.0
26	10	Caesars World	554.5	36¼ – 1½	10	6.44	1.6	0.04	NM	none	0.0
27	161	Paine Webber	546.4	39½ – 4¾	33⅞	10.31	3.3	2.52	13	0.50	1.5
28	65	Baldwin-United	542.7	50⅜ – 6⅞	47	14.58	3.2	5.64	8	0.88	1.9
29	5	Chic & North Western	531.5	36½ – 3½	22⅜	12.13	1.9	–0.93	def	none	0.0
30	44	Big V Supermarkets	529.6	15½ – 2½	15½	6.73	2.3	1.57	10	0.40	2.6
31	37	Hospital Corp of Am	515.3	57¼ – 7½	55⅛	15.34	3.6	2.82	20	0.44	0.8
32	33	G Heileman Brewing	498.3	39⅝ – 5⅞	39	12.01	3.2	3.33	12	0.80	2.1
33	15	Warner Communications	494.7	63¼ – 8⅜	56⅞	18.55	3.1	4.64	12	1.00	1.8
34	43	EG&G	494.3	28½ – 4¼	26⅜	4.86	5.4	1.35	20	0.36	1.4
35	126	Walgreen	488.8	56¼ – 8	52⅜	16.95	3.1	3.73	14	1.20	2.3
36	135	Electronic Data Systems	476.9	49½ – 7⅜	46⅞	7.09	6.6	1.82	26	0.64	1.4
37	93	GEICO	443.1	44⅛ – 5⅜	44⅛	11.60	3.8	3.49	13	0.56	1.3
38	30	Amer Medical Intl	441.4	36¼ – 5½	34⅛	10.63	3.2	2.25	15	0.52	1.5
39	11	Federal Express	413.3‡	72¼ – 6	67⅜	16.88	4.0	3.79	18	none	0.0
40	64	Lockheed	405.0	84½ – 12⅞	75¾	7.67	9.9	9.86	8	none	0.0
41	34	Berkshire Hathaway	400.0	690 – 134	690	526.30	1.3	31.17	22	none	0.0
41	332	First Boston	400.0	78 – 10	75	39.93	1.9	14.82	5	3.00	4.0
43	14	Todd Shipyards	396.1	38¼ – 5⅞	31⅝	23.58	1.3	6.46	5	1.12	3.5
44	97	James River Corp Va	386.8	28½ – 5½	28½	14.62	1.9	3.02	9	0.40	1.4
45	54	Tyson Foods	381.1	23¾ – 4½	22¼	12.08	1.8	2.43	9	0.16	0.7
46	45	Teledyne	379.6	174¾ – 25½	132⅞	82.61	1.6	18.05	7	none	0.0
47	4	Storage Technology	364.3	40⅜ – 4⅝	25¼	13.97	1.8	2.48	10	none	0.0
48	259	VF	363.4	41½ – 8¼	41⅛	14.99	2.7	4.60	9	1.60	3.9
49	250	Shopwell	362.5	18⅜ – 3⅛	18½	15.64	1.2	2.01	9	0.12	0.6
50	21	Texas Oil & Gas	358.7	41¾ – 5⅛	31¾	7.34	4.3	2.59	12	0.28	0.9
51	83	Warnaco	358.3	40¾ – 7⅛	40⅛	26.83	1.5	5.10	8	1.20	3.0
52	154	Marriott	357.5	58⅞ – 10½	53¾	16.12	3.3	3.36	16	0.30	0.6
53	81	Browning-Ferris Inds	355.4	50 – 9¼	47¼	14.24	3.3	2.94	16	1.00	2.1
54	27	Nucor	354.7	82¼ – 11½	55¾	30.50	1.8	3.61	15	0.52	0.9
55	179	E-Systems	352.1	47 – 7⅜	44½	11.42	3.9	2.21	20	0.70	1.6
56	18	Natl Convenience Stores	348.4	19¼ – 3½	18½	5.95	3.1	1.32	14	0.54	2.9
57	55	Cullum Companies	346.3	34½ – 6½	34¼	18.54	1.8	2.94	12	1.00	2.9
58	245	U S Home	343.0	33 – 5⅛	27	16.98	1.6	–0.30	def	0.16	0.6
59	444	Merrill Lynch	339.2	71¼ – 13¼	65⅞	30.08	2.2	5.48	12	1.44	2.2
60	63	Republic New York	335.6	41½ – 8¼	37¾	26.11	1.4	5.12	7	1.40	3.7
61	*	Payless Cashways	335.1	45 – 8½	40¼	8.57	4.7	1.71	24	0.20	0.5
62	183	R H Macy	327.7	60⅜ – 10¾	56½	23.75	2.4	4.39	13	1.00	1.8

Note: Except as footnoted, price changes are measured from Dec. 30, 1977 to Nov. 17, 1982. For comparison, the five-year change in the Consumer Price Index was 58%.

*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
63	192	Pneumo	320.6%	34¼– 7	30⅜	$14.75	2.1	$3.14	10	$0.80	2.6%
64	143	Supermarkets General	319.4	39¼– 8	37¾	20.30	1.9	4.46	8	0.68	1.8
65	66	Servicemaster Inds	319.3	40¼– 8¼	39¼	3.65	10.9	1.39	29	1.04	2.6
66	*	PHH Group	318.6	33¼– 6½	30⅞	10.45	3.0	1.98	16	0.74	2.4
67	57	ConAgra	317.7	28¾– 5¾	26⅛	11.85	2.2	2.46	11	1.00	3.8
68	49	Cincinnati Milacron	314.0	46⅝– 5⅞	29½	15.17	1.9	1.36	22	0.72	2.4
69	56	Litton Industries	313.2	88½– 12¼	54	39.50	1.4	7.53	7	1.60	3.0
70	107	Avnet	310.8	64 – 12½	59¾	27.86	2.1	3.80	16	1.00	1.7
71	410	Stop & Shop Cos	308.5	48⅜– 10⅛	45¾	29.94	1.5	6.01	8	1.30	2.8
72	26	Gates Learjet	302.8	29⅛– 3⅛	14⅜	9.88	1.5	1.00	14	0.20	1.4
73	159	Loews	298.6	159½– 31⅛	143½	100.60	1.4	18.78	8	1.20	0.8
74	181	Pay Less Drug NW	292.9	29¼– 6¾	27½	10.38	2.6	1.94	14	0.44	1.6
75	48	Brown-Forman Dist	292.6	45⅛– 9¼	40	15.30	2.6	3.59	11	0.88	2.2
76	301	Hannaford Bros	289.8	45¼– 10½	42⅞	25.21	1.7	5.51	8	1.40	3.3
77	*	Allied Bancshares	284.6	34⅛– 7¾	31¼	12.88	2.4	4.09	8	1.00	3.2
78	368	General Host	283.3	15½– 3½	13⅞	13.13	1.1	1.99	7	0.40	2.9
79	215	Marsh Supermarkets	279.1	18⅜– 4	15⅞	11.09	1.4	1.87	8	0.48	3.0
80	134	Dean Foods	278.9	31⅜– 7⅜	30	12.73	2.4	2.85	11	0.76	2.5
81	273	Hewlett-Packard	277.5	71½– 15½	69⅛	15.66	4.4	3.05	23	0.24	0.3
82	403	Dillard Dept Stores	277.4	50½– 12	50	39.24	1.3	6.04	8	0.40	0.8
83	121	Dow Jones	277.2	69 – 14⅞	64⅛	8.59	7.5	2.75	23	1.08	1.7
84	52	Mission Insurance	276.1	32⅞– 6	28	16.79	1.7	3.86	7	0.80	2.9
85	246	Peoples Drug Stores	275.0	27¼– 5⅜	25½	13.41	1.9	2.08	12	0.36	1.4
86	35	Parsons	274.0	36⅜– 5	20½	8.09	2.5	2.22	9	1.00	4.9
87	138	Capital Cities Commun	273.4	118 – 27⅛	112¼	34.07	3.3	6.85	16	0.20	0.2
88	91	Blount	268.6	21⅛– 4½	16½	12.37	1.3	2.12	8	0.60	3.7
89	113	Republic Fnl Svcs	266.1	45 – 10⅜	44⅜	23.64	1.9	3.55	13	1.20	2.7
90	110	McGraw-Hill	264.9	73 – 16⅜	70¼	19.92	3.5	4.24	17	1.88	2.7
91	404	Giant Food	264.9	45½– 11⅛	45	27.00	1.7	7.21	6	1.30	2.9
92	76	Allegheny	261.5	56 – 13⅜	55⅛	37.32	1.5	5.71	10	1.08	2.0
93	240	Brown Group	260.8	57¾– 14⅛	55⅝	31.01	1.8	5.33	10	1.76	3.2
94	122	General Cinema	254.5	30½– 6⅝	27¼	9.18	3.0	2.36	12	0.52	1.9
95	38	Resorts Intl	252.5	70 – 6⅜	26	21.63	1.2	3.19	8	none	0.0
96	25	Whittaker	251.7	50⅞– 7⅛	26⅜	21.84	1.2	4.40	6	1.60	6.1
97	282	Stone Container	250.5	24¼– 5⅜	21½	13.76	1.6	1.23	17	0.60	2.8
98	331	Dibrell Brothers	248.3	29½– 7½	28¼	22.83	1.2	4.40	6	0.92	3.3
99	89	Hilton Hotels	244.2	52¼– 11⅜	44⅜	19.98	2.2	3.51	13	0.80	1.8
100	489	CPS Continental	243.6	34⅞– 6¼	33½	17.20	1.9	2.57	13	0.52	1.6
101	145	G D Searle	243.6	45¼– 10⅝	43⅜	11.40	3.8	2.85	15	0.52	1.2
102	79	Belly Manufacturing	239.6	48⅜– 7⅞	29½	15.26	1.9	3.53	8	0.20	0.7
103	278	Anheuser-Busch Cos	238.0	70¾– 17½	66¾	26.53	2.5	5.82	11	1.48	2.2
104	73	Std Comml Tobacco	238.0	18½– 6	18¼	19.55	0.9	4.10	4	0.40	2.2
105	137	Washington Post	235.7	60 – 15½	60	15.17	4.0	3.41	18	0.56	0.9
106	150	Ryder System	234.9	48¾– 11⅝	45½	23.32	2.0	3.85	12	1.08	2.4
107	88	Empire	234.9	49½– 5⅞	22½	11.66	1.9	1.36	17	0.40	1.8
108	166	Commercial Metals	234.8	26 – 5⅜	17½	23.70	0.7	2.21	8	0.44	2.5
109	207	Weis Markets	233.2	39¼– 11⅜	38⅞	15.47	2.5	3.07	13	0.76	2.0
110	106	Super Valu Stores	232.8	28½– 6⅞	26⅝	7.57	3.5	1.80	15	0.56	2.1
111	184	General Dynamics	232.0	44⅞– 7½	30⅜	20.03	1.5	1.84	17	0.72	2.4
112	449	Revco D S	231.7	46⅜– 11¾	44½	13.92	3.2	2.52	18	0.88	2.0
113	368	Saga	231.3	43½– 6⅞	39¼	17.71	2.2	3.48	11	0.56	1.4
114	208	Crum & Forster	227.6	53 – 13⅞	52	31.73	1.6	4.84	11	1.76	3.4
115	251	Waldbaum	225.1	34 – 7⅞	34	32.23	1.1	5.72	6	none	0.0
116	*	Fuqua Industries	223.9†	28¾– 7½	28¾	15.72	1.8	2.86	10	0.60	2.1
117	90	Freeport-McMoran	223.6	40⅝– 4¾	15⅝	10.20	1.5	1.57	10	0.60	3.8
118	158	Purolator	220.7	49½– 12⅞	46½	17.72	2.6	4.16	11	1.12	2.4
119	365	Mattel	220.6	31½– 6	27¼	10.89	2.5	3.26	8	0.30	1.1
120	140	Nationwide	217.2	39⅛– 11⅜	39¼	39.46	1.0	3.38	12	0.70	1.8
121	205	Nordstrom	214.1	50¾– 11⅞	44½	18.12	2.5	2.92	15	0.50	1.1
122	254	Fort Howard Paper	212.6	51⅞– 13⅜	51	14.48	3.5	3.32	15	1.20	2.4
123	151	Rite Aid	211.9	49½– 12¼	46½	15.52	3.0	3.05	15	0.80	1.7
124	197	Dynalectron	210.3	17⅜– 2¾	11¼	8.12	1.4	1.63	7	0.20	1.8

Note: Except as footnoted, price changes are measured from Dec. 30, 1977 to Nov. 17, 1982. For comparison, the five-year change in the Consumer Price Index was 58%.

*Not ranked last year. - †Price change does not reflect the value of shares received in spinoff.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
125	253	United States Shoe	209.2%	54½– 10¾	50½	$26.77	1.9	$4.89	10	$1.36	2.7%
126	178	Albertson's	208.3	48 – 12½	46¼	16.05	2.9	3.66	13	1.00	2.2
126	336	Intel	208.3	49½– 10⅜	37	11.15	3.3	0.58	64	none	0.0
128	653	Sherwin-Williams	207.7	45¾– 9⅞	42½	28.81	1.5	3.16	13	1.00	2.4
129	170	Seagram	206.7	74¾– 20⅜	69	83.83	0.8	8.85	8	1.80	2.6
130	136	Chartet	205.9	50 – 3⅞	13	25.09	0.5	1.49	9	1.00	7.7
131	314	Hart Schaffner & Marx	205.3	36¾– 9¾	36¼	28.34	1.3	3.59	10	1.24	3.4
132	262	American Greetings	203.9	43¼– 9½	39½	16.62	2.4	2.52	16	0.68	1.7
133	202	Dun & Bradstreet	199.2	97¾– 26½	92¾	15.56	6.0	4.89	19	2.76	3.0
134	61	Mitchell Energy & Dev	197.5	45⅛– 3⅞	16⅞	8.10	2.1	1.99	8	0.24	1.4
135	142	American Intl Group	195.5	83 – 23½	82¼	33.49	2.5	6.76	12	0.48	0.6
136	218	Varian Associates	194.3	58¾– 11¾	58½	24.00	2.4	2.95	20	0.52	0.9
137	148	Barnett Banks Fla	193.2	34⅞– 10⅜	32½	21.42	1.5	3.30	10	1.08	3.3
138	194	Perkin-Elmer	192.5	36⅜– 8½	29¼	11.28	2.6	1.27	23	0.50	1.7
139	237	Centex	191.9	48 – 11⅜	40½	24.69	1.6	2.19	18	0.25	0.6
140	117	Pioneer	189.6	33⅜– 6⅛	20	9.92	2.0	1.84	11	1.16	5.8
141	163	Flowers Industries	189.5	21 – 6⅛	19⅝	9.34	2.1	1.74	11	0.60	3.1
142	326	Borg-Warner	187.9	40¾– 12¾	40⅛	29.45	1.4	4.02	10	1.52	3.8
143	223	Kroger	187.8	47¼– 12¾	39¾	27.06	1.5	4.99	8	1.88	4.7
144	69	Cabot	184.8	36⅛– 6¼	21	19.22	1.1	2.77	8	0.92	4.4
145	297	General Re	184.7	64½– 16¾	60½	22.21	2.7	4.56	13	1.08	1.8
146	269	Rockwell Intl	184.4	47 – 14½	42⅛	24.87	1.7	4.33	10	1.56	3.7
147	*	Shawmut	182.7	40½– 13⅜	38⅞	44.80	0.9	5.71	7	1.72	4.4
148	352	Flickinger	182.3	27½– 8⅞	27½	20.92	1.3	3.14	9	0.88	3.2
149	258	Esmark	182.3	57⅜– 14⅞	54½	37.06	1.5	5.18	10	1.84	3.4
150	84	Superior Oil	181.9	50¼– 9½	28¾	16.91	1.7	2.09	14	0.20	0.7
151	176	Burlington Northern	181.0	77 – 17½	57¼	70.75	0.8	7.32	8	1.52	2.7
152	205	Pioneer Hi-Bred Intl	180.5	28½– 7⅞	27	8.95	3.0	2.24	12	0.72	2.7
153	220	New York Times	180.1	53⅞– 16⅝	52⅞	23.46	2.3	4.64	11	1.22	2.3
154	96	Wyman-Gordon	180.0	27 – 7⅛	24½	12.68	1.9	3.12	8	0.80	3.3
155	70	Kay	179.9	28¼– 4⅞	13	7.50	1.7	–1.01	def	none	0.0
156	439	Dayton-Hudson	178.4	63½– 16⅝	57¼	24.81	2.3	3.82	15	1.20	2.1
157	101	Meredith	177.7	80⅞– 24⅜	79½	54.10	1.5	8.68	9	1.80	2.3
158	443	Grumman	177.4	50⅛– 14¾	46⅛	26.15	1.8	2.43	19	1.60	3.5
159	389	Golden West Finl	177.2	17 – 4½	16¾	8.65	1.9	–2.54	def	none	0.0
160	197	Northrop	176.6	77¾– 20¼	63⅜	33.97	1.9	0.68	NM	1.80	2.8
161	112	Penn Central	176.0‡	32⅝– 9½	27⅞	33.67	0.8	3.56	8	none	0.0
162	40	Handy & Harman	175.9	34½– 5⅝	16⅛	9.15	1.8	0.83	19	0.60	3.7
163	351	Western Union	175.2	54¼– 14¼	47⅛	38.24	1.2	3.78	12	1.40	3.0
164	152	Cities Service	174.0	69⅛– 15	48¾	27.13	1.8	2.18	22	1.60	3.3
165	118	Control Data	173.9	42¾– 11½	39⅜	42.20	0.9	3.98	10	0.55	1.4
166	227	A C Nielsen	173.5	64⅞– 20⅜	60½	17.32	3.5	3.94	15	1.24	2.0
167	41	Kelly Services	173.2	33 – 8⅛	29½	11.84	2.5	2.00	15	0.90	3.1
168	265	Springs Industries	172.4	40 – 12⅜	35¾	41.52	0.9	5.06	7	1.52	4.3
169	42	Thriftimart	172.0	45 – 12	36⅜	60.40	0.6	4.81	8	1.60	4.4
170	428	Trans World	169.9	30⅜– 9⅜	28	30.08	0.9	–2.52	def	none	0.0
171	68	Frontier Holdings	169.6	27⅞– 7¾	23¼	17.45	1.3	3.21	7	0.20	0.9
172	940	Borman's	169.2	9⅞– 2	8¾	11.31	0.8	1.28	7	none	0.0
173	360	Knudsen	168.9	20⅜– 7⅛	20⅜	17.73	1.1	1.93	11	0.80	3.9
174	225	M Lowenstein	167.0	40½– 7½	32⅜	47.82	0.7	4.77	7	1.20	3.7
175	141	Arden Group	166.7	5½– 2	5	8.76	0.6	0.88	6	none	0.0
175	162	Deluxe Check Printers	166.7	38¾– 11⅞	35	9.52	3.7	2.61	13	1.12	3.2
177	169	Abbott Laboratories	166.4	41 – 12½	37⅜	9.40	4.0	2.26	17	0.84	2.2
178	85	SmithKline Beckman	166.3	88⅜– 23⅛	66¼	18.87	3.5	5.38	12	2.60	3.9
179	353	Figgie International	165.3	25⅜– 8⅛	23¼	24.92	1.0	4.13	6	0.68	2.8
180	186	Alco Standard	165.2	32⅛– 10⅞	30½	17.08	1.8	2.95	10	1.12	3.7
181	99	Pacific Resources	165.1	16½– 3¾	10⅛	7.27	1.4	0.48	21	0.56	5.5
182	903	Fleetwood Enterprises	163.3	34⅛– 5⅛	32¼	9.74	3.3	1.42	23	0.52	1.6
183	60	Sigmor	162.1	23 – 5⅜	16¾	10.72	1.6	–1.52	def	none	0.0
184	226	Levi Strauss	160.0	50¾– 13¾	39	23.00	1.7	3.03	13	1.65	4.2
185	105	Dover	159.3	33 – 9½	27⅛	10.93	2.6	2.63	11	0.70	2.5
186	366	Fleming Cos	158.1	45¼– 15¼	43⅞	20.89	2.1	3.82	11	1.32	3.0

Note: Except as footnoted, price changes are measured from Dec. 30, 1977 to Nov. 17, 1982. For comparison, the five-year change in the Consumer Price Index was 58%.
*Not ranked last year. ‡Four-year price change. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
187	209	Seaway Food Town	157.9%	12¼– 4⅝	12¼	$15.20	0.8	$1.85	7	$0.64	5.2%
188	201	Savannah Foods	157.3	25 – 6⅜	21¾	16.71	1.3	5.89	4	1.40	6.4
189	308	Newmont Mining	156.1	79¼– 15½	44½	47.24	0.9	1.48	30	1.00	2.2
190	104	Idle Wild Foods	156.0	29½– 10	24¾	28.17	0.9	4.92	5	0.80	3.2
191	231	Martin Marietta	155.7	51⅛– 15⅛	41⅛	33.10	1.2	3.79	11	1.92	4.7
192	264	Bankers Trust NY	154.0	45½– 16½	44⅛	45.09	1.0	8.12	5	2.05	4.6
193	337	Pfizer	153.9	80⅜– 25½	69½	22.65	3.1	4.09	17	1.84	2.6
194	*	Tyco Laboratories	152.7	25⅜– 6⅜	17⅜	15.62	1.1	2.82	6	0.70	4.0
195	191	Curtice-Burns	152.1	25½– 8¼	22⅝	17.53	1.3	3.13	7	0.93	4.1
196	77	Fairchild Industries	151.9	33⅞– 5¼	16⅝	21.07	0.8	1.66	10	0.80	4.8
197	575	Citizens & Sthrn Ga	151.4	12⅝– 4	11⅝	9.67	1.2	1.52	8	0.56	4.8
198	327	Baxter Travenol Labs	151.3	51 – 16⅜	47¾	13.85	3.4	2.50	19	0.46	1.0
199	211	Times Mirror	150.0	67 – 22⅛	63¾	26.81	2.4	3.98	16	2.00	3.1
200	28	Farm House Foods	149.0	7¾– 1⅜	4⅜	3.18	1.4	0.51	9	none	0.0
201	333	Federal-Mogul	148.0	27⅛– 10¼	27⅛	18.38	1.5	2.41	11	1.32	4.9
202	196	American General	147.8	57¼– 21½	57	47.95	1.2	7.27	8	2.20	3.9
203	318	Hershey Foods	147.8	50⅛– 17⅜	49⅛	29.97	1.6	5.92	8	2.10	4.3
204	247	Manhattan Industries	147.2	17⅛– 4½	16	14.82	1.1	2.91	5	0.30	1.9
205	323	R R Donnelley & Sons	145.7	57⅞– 21	57¾	29.66	1.9	4.56	13	1.42	2.5
206	164	Foremost-McKesson	144.4	45⅛– 16⅞	44	28.66	1.5	3.81	12	2.40	5.5
207	274	Ball Corp	143.7	25¾– 9¼	23	18.34	1.3	3.14	7	1.04	4.5
208	530	Mercantile Stores	143.6	97¼– 29⅝	95½	67.34	1.4	10.96	9	2.00	2.1
209	133	Raytheon	143.4	55⅛– 14½	41⅜	18.25	2.3	3.88	11	1.40	3.4
210	120	Trinity Industries	142.6	30¾– 4	14¼	11.20	1.3	1.45	10	0.50	3.5
211	418	Masco	141.7	53 – 15⅜	49¼	18.16	2.7	3.61	14	0.84	1.7
212	129	Raychem	140.7	88 – 22¼	65	28.21	2.3	3.14	21	0.44	0.7
213	423	Melville	140.4	70¼– 23½	67	23.46	2.9	5.07	13	2.04	3.0
214	7	Western Co No Amer	139.6	32⅛– 2⅞	8⅝	7.82	1.1	1.87	5	0.24	2.8
215	552	American Stores	138.6	67⅛– 20¼	60¼	29.41	2.0	6.80	9	1.00	1.7
216	241	Vulcan Materials	138.5	56 – 21⅞	54⅛	35.28	1.5	5.57	10	2.44	4.5
217	22	Zapata	138.1	39⅝– 4¾	15⅞	18.26	0.9	4.73	3	0.72	4.5
218	277	AMP	136.9	70½– 24	64¼	18.38	3.5	3.50	18	1.40	2.2
219	189	Sonoco Products	136.3	32½– 10⅞	29	19.19	1.5	2.77	10	1.00	3.4
220	80	Morrison-Knudsen	135.1	46½– 9⅜	26¼	27.33	1.0	3.79	7	1.32	5.0
221	172	Boeing	135.0	45⅞– 11⅛	29⅜	27.52	1.1	3.07	10	1.40	4.8
222	50	Tosco	134.9	45⅛– 3⅜	12⅝	11.43	1.1	5.58	2	none	0.0
223	311	Knight-Ridder News	134.4	46 – 16½	45⅛	21.09	2.1	2.95	15	0.92	2.0
224	531	Amer Hospital Supply	133.8	45 – 15⅛	41½	14.46	2.9	2.80	15	0.84	2.0
225	*	Bank of New England	133.6	48⅛– 17½	44⅛	44.64	1.0	7.36	6	2.60	5.9
226	144	Turner Construction	133.0	33⅛– 11⅞	31¾	19.87	1.6	5.25	6	1.80	5.7
227	281	National Svc Inds	132.5	35 – 12½	33⅛	21.73	1.5	4.08	8	1.48	4.5
228	574	Motorola	131.7	92 – 35	84⅞	40.80	2.1	4.49	19	1.60	1.9
229	221	Time Inc	131.7	49⅞– 16⅞	45¾	22.42	2.0	2.59	18	1.00	2.2
230	244	Auto Data Processing	131.2	34 – 11½	33⅜	10.65	3.1	1.73	19	0.50	1.5
231	485	Rohm & Haas	131.0	77½– 28⅛	74½	58.89	1.3	6.23	12	2.80	3.8
232	211	PennCorp Financial	131.0	13⅜– 4⅛	12⅛	12.63	1.0	1.62	7	0.16	1.3
233	561	Avery International	130.7	40 – 12¼	36⅜	20.02	1.8	3.01	12	0.90	2.5
234	392	First Natl Boston	130.6	38⅞– 15¾	38⅜	43.02	0.9	6.28	6	2.12	5.5
235	481	George A Hormel	130.0	29⅞– 10⅞	28¾	23.60	1.2	2.74	10	1.00	3.5
236	529	Kane-Miller	128.6	17½– 6½	16	31.08	0.5	1.64	10	0.28	1.8
237	239	Ametek	128.1	37⅜– 13⅝	36½	13.18	2.8	2.47	15	1.20	3.3
238	295	Amerada Hess	127.2	54¾– 10⅞	30	29.66	1.0	2.06	15	1.10	3.7
239	185	Holiday Inns	127.0	38¾– 13¾	35¾	24.74	1.4	2.04	18	0.80	2.2
240	*	First Union	126.9	29⅝– 9¾	28⅞	24.56	1.2	3.75	8	1.24	4.3
241	204	Kemper	126.7	44 – 15¾	41⅜	45.07	0.9	5.26	8	1.80	4.4
242	499	United States Gypsum	126.7	51 – 21	49⅞	42.01	1.2	2.98	17	2.40	4.8
243	507	MCA	126.7	78 – 25⅞	70½	39.03	1.8	6.33	11	1.50	2.1
244	82	Perini	126.3	37 – 8½	22⅝	27.37	0.8	4.07	6	0.80	3.5
245	432	Jewel Cos	126.0	48¾– 17½	44⅛	38.53	1.2	7.00	6	2.48	5.6
246	*	Oak Industries	125.9	38½– 5⅜	14⅞	15.81	0.9	1.75	9	0.24	1.6
247	*	United Virginia Bshs	125.8	47 – 19½	46	42.81	1.1	6.84	7	2.24	4.9
248	300	City Investing	125.2	30⅝– 11⅜	29	28.75	1.0	2.55	11	1.70	5.9

Note: Except as footnoted, price changes are measured from Dec. 30, 1977 to Nov. 17, 1982. For comparison, the five-year change in the Consumer Price Index was 58%.
*Not ranked last year.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
249	597	Louisiana-Pacific	125.2%	30⅛– 9⅞	25½	$23.49	1.1	$–0.31	def	$0.80	3.1%
250	576	Kaufman & Broad	124.5	16⅛– 5⅝	13¾	13.45	1.0	–0.16	def	0.24	1.7
250	440	Rose's Stores	124.5	27½– 9½	27½	37.86	0.7	3.88	7	0.80	2.9
252	378	Crown Central Petroleum	124.3	43⅞– 6¾	17½	30.26	0.6	2.58	7	0.80	4.6
253	102	Seaboard	123.9	34 – 11	24⅝	51.49	0.5	11.87	2	0.50	2.0
254	386	Pitney Bowes	123.6	45¾– 18¼	45	26.46	1.7	4.10	11	1.60	3.6
255	321	Digital Equipment	123.2	113¼– 38½	103⅛	57.30	1.8	6.95	15	none	0.0
256	358	Honeywell	122.3	115⅛– 43	102	90.53	1.1	12.66	8	3.60	3.5
257	304	Harvey Hubbell	121.4	28⅜– 11½	28½	16.24	1.8	2.84	10	1.16	4.1
258	86	SEDCO	121.2	49 – 8¼	28¾	15.11	1.9	8.85	3	0.52	1.8
259	400	Gannett	121.0	59⅛– 22⅞	58	15.77	3.7	3.35	17	1.80	3.1
260	167	Sundstrand	120.8	59½– 15¾	39¾	25.17	1.6	4.30	9	1.80	4.5
261	349	Stokely-Van Camp	120.5	43 – 17¾	43	46.11	0.9	5.00	9	1.68	3.9
262	306	American Brands	120.4	51 – 19¾	47⅜	33.17	1.4	6.53	7	3.50	7.4
263	322	Fleet Financial	120.0	38⅛– 15	37⅛	33.07	1.1	5.96	6	2.20	5.9
264	506	Bendix	119.1	82¼– 32⅛	80¼	64.28	1.2	5.80	14	3.32	4.1
265	354	Nalco Chemical	118.9	30¼– 12¼	29	8.50	3.4	1.77	16	1.12	3.9
266	381	Service Merchandise	118.8	27⅜– 7½	24¼	11.23	2.2	1.93	13	0.14	0.6
267	235	Maryland Cup	118.6	45⅛– 17⅞	45	32.92	1.4	4.66	10	0.88	2.0
268	292	Armstrong Rubber	118.2	25⅛– 7¼	25½	31.88	0.8	3.93	6	0.80	3.1
269	455	Thrifty Corp	117.9	20⅞– 7⅜	18¼	11.92	1.5	1.84	10	0.80	4.4
270	519	Frederick & Herrud	117.7	9⅜– 2⅞	6¾	7.88	0.9	0.07	NM	none	0.0
271	149	Union Oil California	116.5	56½– 11½	28⅝	23.70	1.2	4.69	6	1.00	3.5
272	116	Signal Cos	116.5	36⅛– 9¼	23	22.95	1.0	1.90	12	0.84	3.7
273	616	Ceco	116.1	24⅜– 10⅝	23½	36.87	0.6	3.39	7	1.00	4.3
274	127	Duddick	115.9	18⅜– 6¼	17	16.02	1.1	2.27	7	0.69	4.1
275	473	Wachovia	115.2	36⅜– 15¼	35½	24.78	1.4	3.37	11	1.40	3.9
276	363	Stanley Works	115.1	24 – 9¼	23⅛	14.49	1.6	1.44	16	0.76	3.3
277	174	Texas Commerce Bshs	115.0	45 – 17⅛	39½	23.11	1.7	5.08	8	1.28	3.2
278	271	Rohr Industries	114.8	20 – 6⅛	14½	15.12	1.0	2.85	5	none	0.0
279	393	TRW	113.9	71½– 27½	69½	38.55	1.8	5.38	13	2.60	3.7
280	609	NCR	113.3	90 – 36¾	86⅛	69.60	1.2	8.61	10	2.40	2.8
281	296	CNA Financial	110.9	19⅝– 6¾	16⅞	19.36	0.9	2.69	6	none	0.0
282	415	Milton Bradley	110.5	50½– 11¼	27⅝	25.68	1.1	2.62	11	1.20	4.3
283	462	Pittsburgh National	109.9	38 – 16½	37	31.39	1.2	4.92	8	1.92	5.2
284	75	Worthington Inds	109.9	24⅛– 10⅜	24⅛	9.12	2.7	1.41	17	0.60	2.5
285	595	Tesoro Petroleum	109.5	32⅛– 6¾	16½	21.67	0.8	2.90	6	0.40	2.4
286	518	Safeco	108.8	53⅜– 21⅞	53¼	45.28	1.2	5.81	9	2.40	4.5
286	119	Univar	108.8	35 – 6¾	17¾	17.34	1.0	1.63	11	0.68	3.8
288	210	Shell Oil	107.5	65½– 14⅛	34¼	29.92	1.2	5.27	7	1.80	5.2
289	687	Ryan Homes	106.8	35⅜– 12	34⅛	16.79	2.0	0.19	NM	1.00	2.9
290	387	Insilco	106.4	22½– 8⅛	21¾	15.30	1.4	1.14	19	1.00	4.6
291	228	Lear Siegler	106.4	42⅞– 13	32½	25.32	1.3	4.15	8	1.50	4.6
292	*	Datapoint	106.2	67½– 8⅝	20¾	16.31	1.3	0.12	NM	none	0.0
293	446	Federal Paper Board	105.3	39¼– 12½	29¼	24.53	1.2	3.98	7	1.20	4.1
294	643	Squibb	105.2	50½– 21⅜	49	20.54	2.4	2.75	18	1.34	2.7
295	316	Morton Thiokol	104.7	56 – 21¼	54	34.70	1.6	10.20	5	1.60	3.0
296	115	Foster Wheeler	103.5	30½– 6⅛	14⅜	9.64	1.5	1.85	8	0.44	3.1
297	*	Texas American Bshs	103.5	35¾– 15⅛	33⅛	28.63	1.2	4.76	7	1.44	4.3
298	67	NL Industries	102.9	48⅛– 7⅞	17⅜	17.51	1.0	4.28	4	1.00	5.7
299	458	Westinghouse Electric	102.1	40 – 16	36⅜	33.07	1.1	5.23	7	1.80	4.9
300	390	Consol Freightways	102.0	55¼– 18	51	34.79	1.5	4.34	12	1.60	3.1
301	139	Mercantile Texas	101.8	36⅛– 12⅜	27¼	20.23	1.3	3.97	7	1.12	4.1
302	147	Circle K	101.7	17½– 6	14¾	5.53	2.7	–1.89	def	0.74	5.0
303	356	Bristol-Myers	101.5	73⅜– 28	67¾	23.18	2.9	5.08	13	2.10	3.1
304	350	H J Heinz	101.4	41½– 16⅞	36	21.46	1.7	4.11	9	1.60	4.4
305	260	Heck's	101.3	13⅞– 5¼	13¼	10.70	1.2	1.50	9	0.24	1.8
306	571	Snap-On Tools	100.9	30⅛– 13	27⅜	10.55	2.6	1.95	14	0.84	3.1
307	334	Colt Industries	100.0	44½– 14½	32	27.06	1.2	–6.10	def	1.80	5.6
308	654	Malone & Hyde	99.0	25½– 10⅞	23⅞	11.12	2.1	1.79	13	0.76	3.2
309	291	Consolidated Papers	98.4	39 – 14⅜	31⅛	29.40	1.1	3.69	8	2.00	6.4
310	695	Bell & Howell	98.4	34⅛– 13⅞	30½	32.84	0.9	2.77	11	0.96	3.1

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*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
311	379	Dillon Cos	97.3%	32⅜– 11½	32	$10.74	3.0	$2.61	12	$1.32	4.1%
312	666	West Point-Peppere!!	97.3	38½– 13⅝	36	36.09	1.0	4.27	8	1.80	5.0
313	633	McCormick	96.8	32¾– 12⅝	30¼	14.02	2.2	2.35	13	0.88	2.9
314	461	Girard	96.5	46 – 18¾	42¼	49.20	0.9	6.23	7	2.44	5.8
315	417	Cluett, Peabody	96.5	21⅞– 7¼	20⅞	23.14	0.9	2.50	8	0.84	4.0
316	95	Baker International	96.4	53½– 10¾	23⅜	13.92	1.7	3.60	7	0.92	3.9
317	465	Quaker Oats	96.2	48⅝– 20⅛	45⅝	31.93	1.4	4.06	11	2.00	4.4
318	193	Standard Oil Ohio	96.1	91½– 14½	34¾	24.25	1.4	7.68	5	2.60	7.5
319	370	Archer Daniels Midland	95.4	26⅛– 6¾	18⅜	15.77	1.2	1.81	10	0.14	0.8
320	359	Federal Co	94.8	28¼– 13	28⅛	22.30	1.3	2.61	11	1.44	5.1
321	304	Philip Morris	94.3	67¾– 27⅞	60⅛	26.35	2.3	6.04	10	2.40	4.0
322	180	NVF	94.1	7 – 1	1⅞	2.98	0.6	–0.63	def	none	0.0
323	405	St Paul Cos	92.9	65¼– 27½	60¾	52.12	1.2	8.44	7	2.60	4.3
324	92	Belco Petroleum	92.6	36⅜– 8¾	19¾	21.23	0.9	4.29	5	0.70	3.5
325	108	Natomas	92.4	45¼– 8½	19	20.76	0.9	1.86	10	1.40	7.4
326	131	Central Steel & Wire	92.3	300 –130	250	402.22	0.6	14.02	18	20.00	8.0
327	268	Computer Sciences	92.0	29¾– 8	18	8.94	2.0	1.50	12	none	0.0
328	168	Arkla	91.5	21⅛– 7⅛	16⅞	8.60	2.0	1.86	9	0.92	5.5
329	640	Magic Chef	90.7	20½– 6	17⅛	16.08	1.1	0.77	23	0.48	2.7
330	236	RepublicBank	90.2	45¼– 16⅛	32¾	29.04	1.1	5.28	6	1.64	5.0
331	307	Southeast Banking	89.5	23½– 9⅞	20⅜	22.68	0.9	2.90	7	1.00	4.9
332	271	Ohio Casualty	89.3	47⅞– 20¼	46⅜	38.98	1.2	5.32	9	2.36	5.1
333	772	Whirlpool	88.8	43⅞– 14⅜	42¼	21.83	1.9	3.26	13	1.80	4.3
334	123	Hanover Insurance	88.5	36¼– 14⅛	35½	51.10	0.7	6.61	5	0.88	2.5
335	156	H H Robertson	88.1	39½– 11¼	27⅝	27.45	1.0	5.27	5	1.60	5.8
336	94	Bausch & Lomb	88.0	70 – 16⅛	41¼	20.04	2.1	3.25	13	1.56	3.8
337	945	Lowe's Companies	87.9	32⅞– 8⅞	28½	9.09	3.1	1.15	25	0.48	1.7
338	234	Union Pacific	87.7	96¼– 20½	45⅞	32.14	1.4	3.87	12	1.80	3.9
339	736	A H Robins	87.7	20⅛– 6⅝	19	12.52	1.5	1.86	10	0.56	2.9
340	315	Emery	87.5	20⅛– 8⅜	18⅜	11.85	1.6	2.42	8	1.08	5.9
341	581	American Express	87.5	69⅞– 25¼	67¼	28.74	2.3	5.83	12	2.40	3.6
342	87	Dorchester Gas	87.4	29⅜– 4⅞	11⅛	8.32	1.3	1.01	11	0.16	1.4
343	550	Consolidated Foods	86.8	47½– 19¾	46	30.68	1.5	5.44	8	2.32	5.0
344	828	Equifax	86.7	26⅞– 8½	24½	9.94	2.5	1.90	13	1.32	5.4
345	486	Amer Broadcasting	86.6	55¾– 23⅛	50⅜	33.89	1.5	5.65	9	1.60	3.2
346	491	Delta Air Lines	86.3	41⅜– 15⅜	37¼	25.75	1.4	–0.08	def	1.00	2.7
347	*	Valero Energy	86.2‡‡	43⅞– 6⅛	21⅞	14.09	1.6	3.44	6	0.40	1.8
348	586	Gulf & Western Inds	86.1	22⅛– 8⅞	17⅛	26.64	0.6	2.17	8	0.75	4.4
349	846	Roadway Services	85.7	63 – 21⅜	58½	20.19	2.9	3.65	16	1.60	2.7
350	851	Associated Dry Goods	85.5	49 – 15⅝	46⅜	39.74	1.2	3.83	12	2.00	4.3
351	985	United Merch & Mfrs	85.2	11⅞– 3⅛	6¼	20.33	0.3	–6.45	def	none	0.0
352	188	Combustion Eng	84.5	54¾– 15½	34¼	22.19	1.5	4.82	7	1.84	5.4
353	517	Monfort of Colorado	84.4	12 – 3⅜	10⅜	7.42	1.4	3.23	3	none	0.0
354	124	Schlumberger	84.4	87⅛– 19	39¾	14.64	2.7	4.78	8	0.96	2.4
355	388	Chesebrough-Pond's	84.3	44 – 19⅛	41	17.54	2.3	3.55	12	1.72	4.2
356	637	PPG Industries	84.3	58¼– 23⅛	49¾	47.90	1.0	4.46	11	2.36	4.7
357	556	Gillette	84.2	49 – 17⅝	45⅛	23.94	1.9	4.23	11	2.30	5.1
358	364	ASARCO	84.2	58½– 13¼	27⅝	39.94	0.7	–2.56	def	0.40	1.4
359	848	Goodyear	84.1	33⅜– 10¾	31¾	32.96	1.0	3.25	10	1.40	4.4
360	339	Phillips-Van Heusen	83.8	18½– 8⅜	17	34.36	0.5	2.67	6	0.60	3.5
361	171	Marine Midland Banks	83.5	25¼– 11⅛	23⅜	42.79	0.6	4.37	5	1.40	5.9
362	267	Alcan Aluminium	82.9	40 – 10⅞	24	31.83	0.8	1.35	18	0.90	3.8
363	*	Celeron	82.4†	58¼– 9	20¾	12.51	1.7	3.10	7	0.60	2.9
364	153	Earle M Jorgensen	82.4	28¼– 11½	23¼	24.41	1.0	2.89	8	1.00	4.3
365	399	Suburban Propane Gas	81.9	39⅜– 15	35¾	31.42	1.1	4.58	8	1.60	4.5
366	303	American Petrofina	81.4	71⅞– 22⅝	54⅞	50.29	1.1	5.24	10	3.20	5.8
367	470	Pueblo International	81.3	8⅜– 2⅛	7¼	9.55	0.8	1.10	7	0.12	1.7
368	261	Old Republic Intl	81.2	24⅜– 10¾	23½	22.68	1.0	4.22	6	0.92	3.9
369	454	Johnson & Johnson	80.8	48 – 21⅝	46¼	13.51	3.4	2.85	16	1.00	2.2
370	612	Natl Semiconductor	80.6	51½– 10¼	23⅜	14.48	1.6	–0.52	def	none	0.0
371	47	Reading & Bates	80.5	39⅞– 5½	13½	13.64	1.0	3.13	4	0.80	5.9
372	58	Cameron Iron Works	80.2	67 – 10⅜	20⅛	19.35	1.0	4.56	4	0.40	2.0

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*Not ranked last year. †Price change does not reflect the value of shares received in spinoff. ‡‡Three-year price change. def:deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
373	319	Macmillan	80.0%	20⅜– 7¾	19½	$14.50	1.3	$1.60	12	$0.70	3.6%
374	248	Gifford-Hill	80.0	26⅞– 9⅜	18	24.34	0.7	–0.39	def	0.92	5.1
375	840	Eastman Kodak	80.0	98⅛– 41⅛	92	41.61	2.2	6.79	14	3.55	3.9
376	146	Sun Chemical	79.3	32 – 9⅛	18⅜	23.96	0.8	1.72	11	0.48	2.6
377	330	Alexander & Baldwin	79.3	40¾– 14½	30¼	36.65	0.8	4.05	7	1.80	6.0
378	457	Leaseway Transportation	79.0	40 – 18⅜	37	21.96	1.7	2.74	14	1.50	4.1
379	636	Illinois Tool Works	78.8	40¾– 18½	38	23.38	1.6	3.35	11	1.16	3.1
380	299	Security Pacific	78.7	44 – 22⅛	43¾	47.47	0.9	7.35	6	2.40	5.5
381	726	Philadelphia Natl	78.5	51⅛– 23½	50⅛	60.38	0.8	9.15	6	3.40	6.7
382	664	General Electric	78.5	94⅛– 43⅜	89	40.08	2.2	7.69	12	3.40	3.8
383	521	McDonald's	78.4	65⅛– 29	61¼	22.71	2.7	4.87	13	0.88	1.4
383	711	Winn-Dixie Stores	78.4	50⅜– 25¼	47½	21.98	2.2	4.25	11	2.40	5.1
385	243	Gordon Jewelry	78.2	21 – 10	19¾	23.61	0.8	2.58	8	0.56	2.8
386	489	Southland	78.2	47¼– 16⅞	41⅜	25.97	1.6	4.40	9	1.16	2.8
387	256	Aetna Life & Casualty	78.2	48¼– 20⅞	43½	42.88	1.0	6.12	7	2.52	5.8
388	756	Longs Drug Stores	78.0	47 – 21¾	44½	16.84	2.6	2.93	15	1.04	2.3
389	382	PACCAR	77.8	82 – 37¾	78	66.34	1.2	5.33	15	2.82	3.6
390	376	Universal Leaf	77.8	34⅜– 14½	30	22.64	1.3	4.00	8	1.64	5.5
391	263	Chase Manhattan	77.4	60⅜– 27⅛	53	78.36	0.7	8.85	6	3.40	6.4
392	175	Fluor	77.2	71 – 9⅞	22	21.36	1.0	2.45	9	0.80	3.6
393	290	Valley National	76.9	30¼– 12⅜	23	22.53	1.0	2.80	8	1.16	5.0
394	596	Brunswick	75.7	28 – 10⅛	25¼	22.57	1.1	16.33	2	1.00	4.0
395	865	Texas Instruments	75.3	150¾– 61⅜	128⅞	53.44	2.4	5.86	22	2.00	1.6
396	562	National Gypsum	75.0	31⅝– 13⅞	28	30.55	0.9	0.96	29	0.48	1.7
396	224	SONAT	75.0	37¼– 13⅞	29¾	24.21	1.2	5.05	6	1.30	4.4
398	480	Emerson Electric	74.4	63¼– 29⅜	58⅜	21.68	2.7	4.37	13	2.10	3.6
399	466	Genuine Parts	73.7	44⅝– 18¾	41¼	14.79	2.8	2.75	15	1.30	3.2
400	114	United Energy Resources	73.0	56 – 14½	28	31.82	0.9	7.76	4	2.32	8.3
401	344	Kidde	72.9	28 – 13½	24¾	31.88	0.8	4.48	6	1.10	4.4
402	413	Dorsey	72.9	31 – 11	30¼	26.85	1.1	–1.05	def	1.10	3.6
403	293	Gulf United	72.8	28¼– 12⅛	24⅜	20.95	1.2	2.84	9	1.32	5.4
404	882	American Motors	72.4	9½– 2⅜	6¼	4.90	1.3	–3.60	def	none	0.0
405	288	Interpublic Group	72.2	41¼– 21¾	41⅜	26.42	1.6	4.12	10	1.80	4.3
406	751	Super Food Services	71.6	19⅝– 9⅜	18¼	14.79	1.2	1.69	11	0.48	2.6
407	717	Clorox	71.4	25¼– 7⅞	24	11.75	2.0	2.05	12	0.92	3.8
407	498	W W Grainger	71.4	56 – 25	54	23.61	2.3	3.74	14	1.16	2.1
409	409	R J Reynolds Inds	71.3	57¼– 26⅛	50¾	37.40	1.4	8.06	6	3.00	5.9
410	642	General Mills	71.2	54¾– 19	52	24.50	2.1	4.32	12	1.84	3.5
411	601	Denny's	70.9	35½– 7⅞	32¾	15.02	2.2	2.56	13	0.64	2.0
412	853	Hercules	70.6	28¾– 12¼	26⅞	24.73	1.1	1.86	14	1.32	4.9
413	279	Dennison Mfg	69.8	25 – 11½	22½	19.38	1.2	2.14	11	1.44	6.4
414	616	Hammermill Paper	69.5	35¾– 16¼	29⅞	43.60	0.7	4.14	7	1.84	6.2
415	475	Travelers	69.4	28⅛– 13¼	26¼	33.03	0.8	3.67	7	1.64	6.2
416	435	Kimberly-Clark	69.1	80¾– 37¾	72½	60.13	1.2	9.46	8	4.00	5.5
417	592	Allied Stores	69.0	38 – 18⅛	36¾	39.45	0.9	3.88	9	1.80	4.9
418	53	Murphy Oil	68.9	64 – 10⅞	21¾	21.51	1.0	4.26	5	1.00	4.6
419	355	Wheeling-Pitts Steel	68.9	40⅛– 8	15⅝	103.67	0.2	–14.20	def	none	0.0
420	*	Wendy's International	68.3	17⅜– 3¾	14⅝	5.27	2.8	1.09	13	0.24	1.6
421	534	Bank of New York	68.2	55¼– 29⅞	51½	63.31	0.8	10.26	5	3.40	6.6
422	515	Manford	68.1	16⅛– 5⅛	15⅛	14.68	1.0	2.92	5	0.50	3.3
423	422	Farmers Group	68.0	40¼– 20½	38	21.22	1.8	3.60	11	1.24	3.3
424	216	Geico	67.8	37 – 12¾	25⅞	18.55	1.4	2.51	10	1.12	4.3
425	157	Carpenter Technology	67.6	53 – 20½	38¾	33.48	1.2	3.00	13	2.10	5.4
425	656	North Amer Philips	67.6	59⅛– 23½	46½	53.52	0.9	5.12	9	1.70	3.7
427	807	Collins & Aikman	67.4	19¼– 6¼	19¼	17.43	1.1	1.89	10	0.72	3.7
428	132	Petrolane	67.1	26⅛– 6⅞	13	8.38	1.6	2.00	7	0.50	3.8
429	477	NCNB	67.0	20⅛– 10	19	19.79	1.0	2.96	6	1.00	5.3
430	822	Citicorp	66.7	40 – 17	38⅛	34.17	1.1	5.72	7	1.72	4.5
430	*	LTV	66.7†	26⅛– 5⅛	10⅝	25.66	0.4	1.13	9	0.50	4.7
430	600	SCM	66.7	32¼– 15⅛	30	52.72	0.6	3.49	9	2.00	6.7
433	195	Pennzoil	66.6	62½– 17½	32⅝	21.55	1.5	3.69	9	2.20	6.7
434	337	Combined Internatl	66.4	30 – 14⅞	27⅛	19.39	1.4	3.32	8	2.00	7.2

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Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
435	451	Levitz Furniture	66.3%	44⅛ – 17⅛	42⅜	$31.41	1.4	$1.33	32	$1.00	2.3%
436	549	Trane	66.3	35 – 15½	29	26.70	1.1	2.94	10	1.36	4.7
437	249	Zurn Industries	66.2	35⅛ – 12½	27	21.87	1.2	3.79	7	1.32	4.9
438	402	Dexter	65.9	35 – 15	28⅛	17.30	1.7	2.59	11	1.10	3.8
439	424	CPC International	65.2	40¼ – 21⅛	38	25.86	1.5	4.78	8	2.10	5.5
439	563	Maryland National	65.2	28½ – 12½	28½	35.61	0.8	4.83	6	1.28	4.5
441	679	AMR	64.7	21⅝ – 6¾	17½	24.88	0.7	–2.14	def	none	0.0
442	*	Kansas-Neb Nat Gas	64.7	36½ – 14⅛	29	16.77	1.7	2.67	11	1.48	5.1
443	655	Northwest Airlines	64.6	40⅝ – 20⅜	38⅞	38.43	1.0	0.20	NM	0.80	2.1
444	849	Sheller-Globe	64.3	21⅞ – 4¾	20⅛	16.98	1.2	2.16	9	0.50	2.5
445	214	Norton	64.2	62 – 17½	33¼	32.95	1.0	1.83	18	2.00	6.0
446	564	Fischbach	64.0	50½ – 19¾	46¾	39.58	1.2	7.47	6	2.40	5.1
447	340	Santa Fe Industries	63.6	36½ – 9¾	21¾	27.73	0.8	2.38	9	1.00	4.6
448	956	Fedl Natl Mortgage	63.0	27¼ – 6⅛	24¼	20.40	1.2	–3.36	def	0.16	0.7
449	266	Business Men's Assur	62.8	36½ – 17⅞	29½	37.96	0.8	3.50	8	1.70	5.8
450	587	Best Products	62.6	34¼ – 13⅜	29⅛	19.34	1.5	1.69	17	0.32	1.1
451	665	Bemis	62.5	35¼ – 18½	34½	46.53	0.7	3.36	10	1.60	4.7
452	858	Jonathan Logan	62.4	22⅞ – 6½	20½	25.38	0.8	2.50	8	0.60	2.9
452	782	Ogden	62.4	39⅞ – 15⅛	27⅞	32.15	0.9	3.68	8	1.80	6.5
454	111	Hughes Tool	62.3	48⅝ – 9⅝	19	20.75	0.9	3.73	5	0.84	4.4
455	677	Gt Western Financial	62.1	29⅞ – 9½	25⅛	27.61	0.9	–3.56	def	0.40	1.6
456	843	May Dept Stores	61.9	43½ – 18	43½	32.92	1.3	4.45	10	1.82	4.2
456	847	Skyline	61.9	24⅝ – 8½	23⅞	10.19	2.3	0.56	43	0.48	2.0
458	317	King Kullen Grocery	61.7	19 – 11	19	37.10	0.5	3.49	5	0.50	2.6
459	568	Walt Disney	60.9	71½ – 31½	64⅜	35.99	1.8	3.01	21	1.20	1.9
460	742	J P Stevens	60.4	22⅜ – 11	20⅜	33.59	0.6	1.51	13	1.20	5.9
461	760	Culbro	59.9	34⅞ – 6	33⅜	42.18	0.8	3.34	10	1.00	3.0
462	508	Chemical New York	59.7	47⅜ – 22⅛	45¼	56.72	0.8	8.54	5	2.88	6.4
463	469	Mellon National	59.2	44¼ – 22	40	49.59	0.8	7.09	6	2.24	5.6
464	450	Cessna Aircraft	59.1	36½ – 11¾	24¼	18.03	1.3	0.94	26	0.40	1.6
465	310	Standard Oil Indiana	59.1	99½ – 21⅞	39⅛	36.12	1.1	6.12	6	2.80	7.1
466	219	Missouri Pacific	58.9	115 – 40½	73½	67.29	1.1	11.10	7	3.80	5.2
467	447	Alexander's	58.8	18⅜ – 5⅛	10⅛	13.11	0.8	0.71	14	none	0.0
468	478	Sterling Drug	58.6	29⅝ – 12¾	23	13.53	1.7	2.11	11	1.08	4.7
469	383	CBI Industries	58.5	70⅞ – 21	37¼	22.41	1.7	5.05	7	1.40	3.8
470	233	First Interstate Bancp	58.5	44⅞ – 19½	35	41.24	0.8	5.59	6	2.14	6.1
471	604	Eli Lilly	58.4	68¾ – 36⅝	60	24.85	2.4	5.25	11	2.60	4.3
472	298	InterFirst	57.7	32⅛ – 14⅜	26½	18.59	1.4	3.40	8	1.20	4.5
473	427	United Technologies	57.5	65¾ – 31⅛	56½	48.70	1.2	6.46	9	2.40	4.2
474	309	Tyler	57.2	29⅜ – 10⅛	19⅜	15.59	1.3	1.53	13	0.60	3.0
475	362	Mobil	57.2	44⅞ – 14⅜	25	34.45	0.7	3.67	7	2.00	8.0
476	255	Irving Bank	57.1	58 – 27	44	72.62	0.6	9.36	5	3.36	7.6
477	*	Southwest Bancshares	57.1	33⅛ – 13¾	27¾	24.56	1.1	4.36	6	1.46	5.3
478	599	American Home Products	56.8	48 – 21⅜	43½	10.62	4.1	3.49	12	2.20	5.1
479	222	Standard Oil Calif	56.3	58¾ – 17⅛	30⅜	37.15	0.8	4.45	7	2.40	7.9
480	615	Ethyl	56.2	36½ – 18⅛	33	36.72	0.9	4.58	7	1.50	4.5
481	328	Transamerica	55.7	26⅛ – 12⅞	23¾	24.93	1.0	2.83	8	1.50	6.3
482	125	Harris Corp	55.5	60¼ – 19⅞	36¼	19.05	1.9	2.12	17	0.88	2.4
483	635	J P Morgan	55.2	71¾ – 39⅝	66¼	62.08	1.1	9.65	7	3.40	5.1
484	511	Ex-Cell-O	55.2	36¼ – 14	26¼	27.30	1.0	3.61	7	1.60	6.1
485	406	Godfrey	55.0	17 – 7¼	13⅞	16.21	0.9	1.60	9	0.72	5.2
486	377	Atlantic Richfield	54.7	74⅛ – 21⅞	39¼	34.37	1.2	6.77	6	2.40	6.0
487	*	Texas Air	54.7	16½ – 4	12⅜	6.16	2.0	–12.45	def	0.16	1.3
488	270	ENSERCH	54.5	40 – 11⅛	20¼	16.93	1.2	3.04	7	1.60	7.9
489	658	White Consolidated	54.4	38 – 16¾	33	35.80	0.9	1.86	18	1.50	4.5
490	284	Copperweld	54.1	31¼ – 10½	18¾	22.24	0.8	1.16	16	1.16	6.2
491	808	Stauffer Chemical	54.0	28¼ – 14½	28	23.38	1.2	3.13	9	1.44	5.1
492	*	Tidewater	53.6	54⅜ – 12⅛	21⅛	17.94	1.2	3.87	5	0.90	4.3
493	551	Merck	53.2	103 – 47⅜	85	27.04	3.1	5.51	15	2.80	3.3
494	870	B F Goodrich	52.4	32¼ – 16⅛	32	55.12	0.6	–0.94	def	1.56	4.9
495	342	Foxboro	52.1	41⅜ – 18½	32⅞	24.78	1.3	3.73	9	1.04	3.2
496	698	Capital Holding	52.1	33½ – 16	32⅛	27.46	1.2	3.90	8	1.32	4.1

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*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
497	603	Olin	51.9%	27 – 12½	25⅝	$33.57	0.8	$2.99	9	$1.20	4.7%
498	812	Borden	51.8	47¼ – 19⅝	46½	44.95	1.0	5.75	8	2.22	4.8
499	744	Minn Mining & Mfg	51.6	79⅜ – 43	73½	29.36	2.5	5.46	13	3.20	4.4
500	728	Willamette Inds	51.2	47⅛ – 16	33¾	28.36	1.2	–0.16	def	1.50	4.4
501	675	H F Ahmanson	51.0	30 – 8	28½	32.69	0.9	–4.43	def	0.60	2.1
502	165	Parker Pen	50.4	26 – 8½	14½	10.05	1.4	0.09	NM	0.52	3.6
503	659	Boise Cascade	50.3	48¼ – 19⅝	38⅛	48.99	0.8	0.06	NM	1.90	5.0
504	937	First Natl Supermkts	50.0‡	14 – 3	12	11.70	1.0	2.00	6	0.02	0.2
504	501	Witco Chemical	50.0	33⅜ – 16¾	27½	31.15	0.9	3.53	8	1.80	6.5
506	257	Acme-Cleveland	49.5	35⅝ – 11⅞	18⅞	26.98	0.7	2.56	7	1.40	7.4
507	555	So New England Tel	49.5	57⅜ – 29½	55½	53.07	1.0	6.48	9	4.56	8.2
508	429	Avco	49.3	35 – 13⅞	25¾	42.03	0.6	2.60	10	1.20	4.7
509	494	Di Giorgio	49.2	15⅛ – 7	12⅛	17.48	0.7	1.11	11	0.64	5.3
510	924	Outboard Marine	48.8	30½ – 8⅞	30½	36.14	0.8	4.03	8	0.90	3.0
511	484	Chubb	48.6	52⅝ – 29⅛	52	53.89	1.0	6.18	8	2.92	5.6
512	*	Stewart & Stevenson	48.6	23⅜ – 7¾	12¾	19.82	0.6	3.20	4	0.40	3.1
513	343	Amfac	48.5	35⅞ – 14½	25¼	33.92	0.7	1.57	16	1.44	5.7
514	408	W R Grace	48.2	63½ – 23⅝	40	43.02	0.9	7.21	6	2.80	7.0
515	735	Northern Trust	48.1	48⅛ – 27¾	47¾	65.75	0.7	7.10	7	2.72	5.7
516	426	Rollins	47.8	22½ – 7½	14½	9.09	1.6	1.54	9	0.68	4.7
517	373	Ashland Oil	47.5	45¾ – 18	30	36.43	0.8	5.29	6	2.40	8.0
518	860	Monsanto	47.5	89 – 42¼	85	84.14	1.0	8.92	10	4.00	4.7
519	*	IU International	47.2‡‡	24⅞ – 9⅝	16⅜	14.86	1.1	1.44	11	1.15	7.0
520	628	Gt Northern Nekoosa	46.8	47¾ – 23⅜	40	46.62	0.9	5.09	8	2.00	5.0
521	445	PepsiCo	46.4	50 – 20	41	17.91	2.3	3.90	11	1.62	4.0
522	512	Zale	46.4	33½ – 14⅝	22⅛	38.81	0.6	0.44	52	1.26	5.5
523	436	Niagara Frontier Services	46.4	33 – 15⅜	25⅛	29.60	0.9	3.98	6	1.08	4.3
524	440	Becton, Dickinson	46.0	54½ – 22	46	27.23	1.7	3.63	13	1.15	2.5
525	497	Hyster	45.9	50⅜ – 24⅞	40⅛	53.73	0.7	1.71	23	1.00	2.5
526	520	Jack Eckerd	45.9	31⅞ – 12½	26½	14.19	1.9	1.90	14	0.96	3.6
527	532	Brooklyn Union Gas	45.7	31⅛ – 18⅝	29⅞	27.60	1.1	4.60	6	2.70	9.0
528	479	Allegheny Intl	45.6	55⅜ – 13¾	27⅛	42.60	0.6	2.60	10	1.40	5.2
529	533	Lone Star Industries	45.2	38⅛ – 17¼	28⅛	39.17	0.7	–0.78	def	1.90	6.8
530	609	Greyhound	45.1	20¼ – 11	18½	20.90	0.9	2.44	8	1.20	6.5
531	558	Cook United	45.1	9¾ – 2⅜	3½	11.12	0.3	–1.36	def	none	0.0
532	782	Scott Paper	44.6	28½ – 12	20¼	30.03	0.7	2.71	7	1.00	4.9
533	177	Smith International	44.4	70¼ – 15⅜	25	27.10	0.9	5.13	5	0.96	3.8
534	452	McDonnell Douglas	44.4	52⅞ – 20	38⅜	42.93	0.9	4.80	8	1.24	3.2
535	602	U S Industries	44.1	12⅛ – 6⅜	10⅝	16.58	0.6	1.26	8	0.76	7.2
536	590	Amer Maize-Products	43.9	20⅞ – 5⅞	10⅝	20.96	0.5	1.75	6	0.52	4.9
537	367	Consolidated Edison	43.8	21⅛ – 9⅞	18¼	24.14	0.8	3.43	5	1.68	9.2
538	463	General Signal	43.6	54¼ – 23½	42⅜	27.17	1.6	4.18	10	1.68	4.0
539	456	Strawbridge & Clothier	43.3	32½ – 17⅜	32½	64.64	0.5	5.02	6	1.40	4.3
540	906	F W Woolworth	43.1	32 – 15⅞	27	43.32	0.6	–13.10	def	1.80	6.7
541	594	Air Prods & Chems	42.9	54¼ – 22½	36⅛	27.10	1.4	3.68	10	0.80	2.2
542	572	Westvaco	42.8	30½ – 15½	27⅜	27.13	1.0	2.40	11	1.20	4.4
543	325	Sun Company	42.5	59⅜ – 17⅜	30⅜	40.57	0.7	4.46	7	2.30	7.6
544	566	New England Electric	42.5	33¼ – 17¼	33⅛	28.24	1.2	4.58	7	3.00	9.1
545	472	Ramada Inns	42.4	17 – 3⅜	5⅞	6.03	1.0	–0.44	def	none	0.0
546	419	Texas Gas Transmn	42.4	48½ – 17½	30¼	30.85	1.0	5.42	6	2.12	7.0
547	100	Palm Beach	41.9	29⅛ – 11⅜	17⅞	20.05	0.9	1.71	10	1.20	6.7
548	238	First City Bancorp	41.7	41¼ – 14⅝	22½	22.91	1.0	3.88	6	1.20	5.3
549	474	Parker-Hannifin	41.4	25½ – 13½	22½	17.93	1.3	1.78	13	0.96	4.3
550	593	FMC	41.0	35¼ – 20½	31⅜	36.99	0.8	4.56	7	1.80	5.7
551	276	Big Three Industries	40.8	38 – 13⅞	23⅛	13.09	1.8	2.36	10	0.72	3.1
552	663	Diamond Intl	40.7	50 – 26¼	43	36.06	1.2	0.85	51	1.40	3.3
553	579	Intl Multifoods	40.4	32¾ – 13½	32⅛	26.11	1.2	4.29	7	1.66	5.2
554	252	American Standard	40.3	43¾ – 16⅛	27	24.14	1.1	1.63	17	1.60	5.9
555	861	Carnation	40.0	42⅛ – 21	42	27.63	1.5	5.00	8	2.00	4.8
556	312	Wheelabrator-Frye	39.8	65⅞ – 26⅛	44⅜	37.09	1.2	5.02	9	1.80	4.1
557	779	Moore Corp	39.1	41⅜ – 25½	38¼	24.44	1.6	3.55	11	2.00	5.2
558	396	Harsco	38.9	21⅛ – 13	18⅛	19.86	0.9	2.33	8	1.20	6.4

Note: Except as footnoted, price changes are measured from Dec. 30, 1977 to Nov. 17, 1982. For comparison, the five-year change in the Consumer Price Index was 58%.

*Not ranked last year. ‡Four-year price change. ‡‡Three-year price change. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
558	837	Quaker State Oil	38.9%	23½– 9⅞	16¼	$11.03	1.5	$1.75	9	$0.80	4.9%
560	482	USF&G	38.7	52 – 25⅝	41⅛	47.26	0.9	4.02	10	3.60	8.8
561	647	McGraw-Edison	38.6	51 – 20¾	38⅛	35.03	1.1	3.85	10	2.00	5.2
562	621	Amstar	38.5	32½– 14	25⅝	40.23	0.6	1.68	15	1.90	7.4
563	958	J C Penney	38.0	58 – 19⅝	49	40.81	1.2	5.53	9	2.00	4.1
564	412	Ampco-Pittsburgh	37.4	26¼– 9	12⅜	25.40	0.5	–0.32	def	0.60	4.7
565	109	Northwest Industries	37.3	80½– 23	39⅛	40.94	1.0	11.47	3	2.68	6.8
566	905	Avondale Mills	36.8	24⅛– 13⅜	23⅜	42.09	0.6	0.24	NM	1.20	5.1
567	*	First Natl State Bcp	36.6	32 – 15⅞	31⅛	39.04	0.8	6.34	5	2.40	7.6
568	777	Gibraltar Financial	36.4	16⅜– 2⅜	10	10.35	1.0	–3.03	def	none	0.0
569	893	Union Camp	36.3	66 – 36½	62⅞	44.72	1.4	5.36	12	3.00	4.8
570	516	North American Coal	36.2	49¼– 14⅞	32	24.01	1.3	6.31	5	0.80	2.5
571	628	General Foods	36.1	47¾– 23½	42⅞	32.88	1.3	5.68	8	2.40	5.6
572	669	Fisher Foods	36.1	15½– 5⅝	10⅜	15.63	0.7	0.98	11	0.70	6.7
573	433	Centel	36.0	36¼– 21¼	34	22.70	1.5	3.98	9	2.20	6.5
574	536	InterNorth	36.0	49¾– 16⅛	28⅛	29.91	0.9	4.52	6	2.12	7.5
575	313	Cyclops	35.7	39 – 13⅛	19	51.58	0.4	–0.73	def	1.10	5.8
576	941	Weyerhaeuser	35.6	40⅜– 20⅜	37⅛	22.79	1.6	1.05	35	1.30	3.5
577	842	Union Carbide	35.4	62⅛– 33⅜	55½	76.74	0.7	6.09	9	3.40	6.1
578	718	Walter E Heller Intl	35.3	34 – 13⅝	22½	28.52	0.8	5.35	4	1.30	5.8
579	837	Burlington Inds	34.9	29⅛– 14¾	28	41.17	0.7	1.85	15	1.52	5.4
580	421	Pacific Lighting	34.9	31 – 17	28½	31.65	0.9	3.84	7	3.00	10.5
581	773	Echlin	34.9	21½– 10	18⅜	9.72	1.9	1.30	14	0.56	3.0
582	569	Intl Minerals & Chem	34.8	66½– 22¾	36⅝	37.76	1.0	4.57	8	2.60	7.1
583	877	UAL	34.7	45¾– 13½	28⅛	36.91	0.8	–4.18	def	none	0.0
584	509	Marsh & McLennan Cos	34.6	44½– 25⅞	41⅛	15.31	2.7	3.22	13	2.20	5.3
585	345	National Can	34.4	26⅜– 13½	21½	32.29	0.7	2.69	8	1.00	4.7
586	384	Tektronix	33.9	70¼– 32½	50⅜	33.52	1.5	3.85	13	1.00	2.0
587	524	American Natl Ins	33.3	18⅛– 9⅜	14½	23.50	0.6	2.24	6	0.84	5.8
587	634	Universal Foods	33.3	25 – 9⅞	23	13.35	1.7	2.62	9	1.04	4.5
589	746	Norton Simon	33.3	26¾– 11	26	27.05	1.0	2.38	11	1.08	4.2
590	583	Florida Power & Lt	33.0	37⅝– 19⅞	35¾	36.22	1.0	5.29	7	3.36	9.4
591	606	Genl Tire & Rubber	32.2	29½– 11⅞	27¼	43.75	0.6	1.44	19	1.50	5.5
592	688	DeSoto	31.8	25½– 10	24⅞	20.87	1.2	0.99	25	1.12	4.5
593	630	GTE	31.7	44⅝– 23	41	29.89	1.4	4.50	9	2.92	7.1
594	761	Blue Bell	31.7	37⅞– 18⅛	30⅜	33.70	0.9	2.92	10	1.80	5.9
595	943	Armstrong World Inds	31.7	25⅜– 12⅜	23⅜	24.13	1.0	0.76	31	1.10	4.7
596	434	IC Industries	31.3	41⅛– 17⅛	33	62.31	0.5	3.39	10	2.28	6.9
597	430	A E Staley Mfg	31.3	42½– 11⅜	17½	21.75	0.8	2.75	6	0.80	4.6
598	199	Transco Energy	31.2	64⅛– 16⅝	27⅞	28.80	1.0	6.03	5	1.80	6.5
599	453	Upjohn	31.1	69 – 32⅛	46⅞	32.03	1.5	4.89	10	2.28	4.9
600	993	Olympia Brewing	31.0	24 – 11	23¼	27.83	0.8	–1.96	def	none	0.0
601	841	Uniroyal	30.8	11¾– 3⅛	10⅝	17.29	0.6	1.38	8	none	0.0
602	570	Scott & Fetzer	30.7	36⅜– 17¼	35⅛	27.13	1.3	4.07	9	1.80	5.1
603	614	Interco	30.7	59⅛– 34	57½	60.24	1.0	5.91	10	2.88	5.0
604	797	Procter & Gamble	30.1	117½– 62¾	111¾	50.34	2.2	9.79	11	4.80	4.3
605	747	Dana	30.1	35½– 17⅞	31⅜	28.22	1.1	2.07	15	1.60	5.1
606	232	Athlone Industries	30.0	30 – 13	19½	23.88	0.8	1.34	15	1.60	8.2
606	528	Roper Corp	30.0	17⅜– 8⅜	16¼	25.37	0.6	1.43	11	0.90	5.5
608	699	American Cyanamid	29.9	38 – 20⅜	34¾	31.88	1.1	2.94	12	1.75	5.0
609	908	American Family	29.8	15½– 7	14¾	12.35	1.2	1.30	11	0.60	4.1
610	632	Torchmark	29.8	30 – 16⅜	28⅞	31.40	0.9	3.77	8	1.60	5.5
611	554	Lincoln National	29.5	48 – 32¾	45	61.64	0.7	5.56	8	3.00	6.7
612	651	Eaton	29.5	41½– 20¼	31½	36.45	0.9	2.06	15	1.72	5.5
613	346	Morse Shoe	29.4	29 – 10	16½	21.25	0.8	1.05	16	0.20	1.2
614	861	Campbell Soup	29.3	44¼– 25¼	43⅜	32.76	1.3	4.75	9	2.20	5.0
615	618	Emhart	28.7	45 – 23⅛	41½	37.69	1.1	6.60	6	2.60	6.3
616	512	Oneok	28.4	44⅞– 17½	28¼	24.57	1.1	4.88	6	2.40	8.5
617	690	United Brands	28.3	17⅜– 6½	9⅝	38.40	0.3	–0.11	def	none	0.0
618	200	Northwest Energy	28.0	37⅛– 8½	16⅜	22.65	0.7	1.14	14	1.40	8.5
619	824	Maytag	28.0	39 – 21½	36	13.73	2.6	2.51	14	2.15	6.0
619	416	Panhandle Eastern	28.0	52¼– 18½	30	31.85	0.9	5.70	5	2.30	7.7

Note: Except as footnoted, price changes are measured from Dec. 30, 1977 to Nov. 17, 1982. For comparison, the five-year change in the Consumer Price Index was 58%.
*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
619	467	USLIFE	28.0%	34 – 14½	24	$29.78	0.8	$3.68	7	$0.88	3.7%
622	395	Washington National	28.0	39⅝ – 12	19⅝	26.29	0.7	2.03	10	1.08	5.5
623	357	Dan River	28.0	23 – 9½	14⅞	33.64	0.4	0.90	17	0.56	3.8
624	*	California First Bank	27.7	18⅝ – 12⅛	16⅞	26.67	0.6	1.14	15	1.08	6.4
625	689	Square D	27.5	37⅜ – 17⅜	33	17.50	1.9	2.80	12	1.84	5.6
626	697	Stewart-Warner	27.4	33 – 13⅞	24⅞	27.68	0.9	1.38	18	1.68	6.8
627	638	Riegel Textile	27.2	27 – 15¼	25⅛	38.72	0.6	2.26	11	1.80	7.2
628	468	Southern Calif Edison	27.0	37⅛ – 20	33⅛	33.62	1.0	5.16	6	3.52	10.5
629	845	Wetterau	26.5	22¾ – 9¼	17¾	12.82	1.4	1.29	14	0.80	4.5
630	564	Crocker National	26.4	42 – 20¾	31⅜	55.88	0.6	2.82	11	2.40	7.6
631	731	Manufacturers Hanover	25.8	43⅜ – 26	42	55.02	0.8	7.75	5	2.92	7.0
632	397	Genesco	25.8	11⅛ – 2¾	4⅞	4.23	1.2	–0.61	def	none	0.0
633	899	Briggs & Stratton	25.7	34½ – 20¾	33	17.44	1.9	2.69	12	1.58	4.8
634	504	Tecumseh Products	25.4	74 – 50	74	64.07	1.2	8.22	9	3.20	4.3
635	545	Republic Airlines	25.0	11⅞ – 2⅞	6¼	3.28	1.9	–2.42	def	none	0.0
635	780	Robertshaw Controls	25.0	29½ – 14⅜	25	30.54	0.8	1.43	17	1.40	5.6
637	476	First Wisconsin	24.9	35⅞ – 19½	30⅜	53.84	0.6	6.60	5	2.10	6.8
638	885	Federated Dept Stores	24.3	52¼ – 21¼	49¼	41.02	1.2	4.54	11	2.10	4.3
639	681	Lucky Stores	24.0	18½ – 12¼	17	9.89	1.7	1.63	10	1.16	6.8
640	850	Corning Glass Works	23.7	75¾ – 39¼	64½	52.82	1.2	1.57	41	2.32	3.6
641	483	Ferro	23.7	35 – 17	23½	29.16	0.8	1.76	13	1.20	5.1
641	907	Ralston Purina	23.7	18¼ – 9¼	17⅝	11.39	1.5	0.66	27	0.78	4.4
643	618	Continental Telecom	23.6	20 – 12⅜	19	16.04	1.2	2.35	8	1.56	8.2
644	763	Coca-Cola	23.5	50½ – 28⅞	46	18.37	2.5	3.92	12	2.48	5.4
645	947	Schering-Plough	23.4	45⅝ – 24⅞	36⅞	24.18	1.5	3.37	11	1.68	4.6
646	505	Hoover Universal	23.4	25½ – 13⅞	24⅜	18.98	1.3	1.78	14	1.24	5.1
647	762	Gould	23.3	39½ – 19¼	35⅛	22.87	1.5	2.20	16	1.72	4.9
648	613	National Fuel Gas	22.9	36⅜ – 21¼	32⅞	45.56	0.7	6.04	5	3.16	9.6
649	875	IBM	22.9	86½ – 48⅜	84	30.66	2.7	6.39	13	3.44	4.1
650	522	Gerber Products	22.4	25½ – 11⅞	23⅛	19.53	1.2	2.73	9	1.36	5.8
651	527	Houston Natural Gas	22.1	63¼ – 19¾	33⅛	30.85	1.1	6.46	5	1.70	5.1
652	375	Provident Life & Acc	21.5	56½ – 32½	48	59.41	0.8	6.54	7	2.44	5.1
653	598	Kerr-McGee	21.4	46½ – 19⅞	28⅜	28.95	1.0	3.86	7	1.10	3.9
654	790	Eastern Gas & Fuel	21.3	32½ – 13	22¾	20.81	1.1	3.11	7	1.30	5.7
655	766	Potlatch	21.3	49¼ – 19	34⅞	34.69	1.0	1.22	29	1.48	4.2
656	502	Texas Eastern	21.3	89 – 32	56¼	50.32	1.1	8.12	7	4.10	7.3
657	818	Household Intl	20.6	26⅛ – 13⅜	22	26.00	0.8	2.30	10	1.65	7.5
658	557	Exxon	20.5	44½ – 21½	29	31.84	0.9	4.91	6	3.00	10.3
659	752	First Chicago	20.3	25⅜ – 10¾	22⅛	31.87	0.7	3.29	7	1.20	5.4
660	577	Joy Manufacturing	20.1	42⅞ – 17½	25⅝	25.16	1.0	4.27	6	1.40	5.5
661	552	Butler Manufacturing	19.8	32¾ – 18½	27¼	29.92	0.9	2.05	13	1.32	4.8
662	691	Kansas Power & Light	19.5	24⅞ – 14½	24½	23.98	1.0	3.61	7	2.40	9.8
663	705	Wisconsin Public Svc	18.7	25¼ – 13⅜	23	22.38	1.0	3.02	8	2.12	9.2
664	391	U S Bancorp	18.6	27¼ – 13½	20¾	23.01	0.9	3.27	6	1.00	4.8
665	560	United Telecom	18.4	24 – 14	22½	17.68	1.3	2.39	9	1.76	7.8
666	934	Reichhold Chemicals	18.3	17¾ – 9⅜	17¾	25.28	0.7	0.07	NM	0.48	2.7
667	500	Shaklee	18.1	39¼ – 11⅛	35⅛	16.81	2.1	3.80	9	1.00	2.8
668	709	Wm Wrigley Jr	17.9	46 – 28½	43⅜	31.05	1.4	4.59	10	1.44	3.3
669	578	Deere	17.7	49¾ – 22	29⅛	36.29	0.8	1.42	21	1.00	3.4
670	495	Getty Oil	17.6	108¼ – 33	51	58.23	0.9	8.70	6	2.60	5.1
671	683	Laclede Gas	16.8	24¼ – 14⅞	23½	29.53	0.8	4.31	5	2.60	11.1
672	280	Johnson Controls	16.7	37¼ – 17½	35¾	25.50	1.4	3.83	9	1.50	4.2
673	766	Keystone Consolidated	16.7	20¼ – 7¼	12¼	51.91	0.2	–8.34	def	none	0.0
674	692	National Distillers	16.4	33⅜ – 18	24	31.20	0.8	2.78	9	2.20	9.2
675	749	Northwest Bancorp	16.1	32⅛ – 17	27	32.80	0.8	3.54	8	1.80	6.7
676	949	Safeway Stores	16.0	50¼ – 24¼	48	42.53	1.1	5.54	9	2.80	5.8
677	582	Wells Fargo	15.8	36⅛ – 18¼	31⅛	42.38	0.7	5.80	5	1.92	6.2
678	347	Interstate Bakeries	15.7	12⅞ – 4½	10⅛	10.97	0.9	0.10	NM	none	0.0
679	512	Lubrizol	15.6	41⅜ – 14¼	20⅝	11.98	1.7	1.51	13	1.08	5.3
680	394	Allen Group	15.0	22 – 10½	15⅞	18.23	0.9	0.38	42	1.00	6.3
681	701	Harcourt Brace Jovan	14.9	22¼ – 12½	20¼	19.55	1.0	2.31	9	1.00	4.9
682	887	Petrie Stores	14.9	33⅛ – 15½	30⅛	11.47	2.6	2.20	14	1.60	5.3

Note: Except as footnoted, price changes are measured from Dec. 30, 1977 to Nov. 17, 1982. For comparison, the five-year change in the Consumer Price Index was 58%.
*Not ranked last year. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
683	784	Manufacturers National	14.8%	30¾ – 11¾	25¼	$49.68	0.5	$4.00	6	$1.20	4.8%
684	526	Carson Pirie Scott	14.5	26½ – 12¾	20⅛	32.72	0.6	1.64	12	1.20	6.0
685	672	Fidelcor	14.4	30½ – 8⅞	25¾	36.51	0.7	5.48	5	1.68	6.5
686	834	Eastern Air Lines	14.3	15⅝ – 4½	7	13.47	0.5	–6.58	def	none	0.0
686	607	Potomac Elec Power	14.3	18¾ – 10	18	17.40	1.0	2.25	8	1.68	9.3
688	794	Alcoa	14.2	38¼ – 19⅝	26⅝	41.24	0.6	0.72	37	1.20	4.5
689	737	Mercantile Bancorp	14.1	32 – 20½	31⅛	46.99	0.7	7.81	4	2.68	8.5
690	667	Florida Progress	14.0	19½ – 10⅞	18⅞	18.47	1.0	2.00	9	1.92	10.2
691	72	Parker Drilling	13.9	36¼ – 7⅛	9⅛	10.78	0.9	2.65	3	0.16	1.7
692	734	Pillsbury	13.8	51¾ – 27⅛	45½	41.03	1.1	6.31	7	2.48	5.5
693	407	Amdahl	13.7	71½ – 15⅛	31⅛	15.36	2.0	0.51	61	0.40	1.3
694	722	Intl Flavors & Frag	13.7	27⅞ – 16⅝	26	9.02	2.9	1.68	15	1.04	4.0
695	411	Barnes Group	13.6	25⅞ – 11	15⅝	19.21	0.8	–0.47	def	0.60	3.9
696	693	Wisconsin Pwr & Lt	13.6	29½ – 14⅛	24	21.47	1.1	3.88	6	2.24	9.3
697	703	NBD Bancorp	13.3	35⅛ – 19¾	29¾	56.93	0.5	6.32	5	2.08	7.0
698	755	CBS	13.3	64¼ – 33⅛	56⅛	44.49	1.3	4.16	14	2.80	5.0
699	535	Celanese	13.3	69¼ – 35⅛	47⅞	73.21	0.7	3.25	15	4.00	8.4
700	867	Black & Decker	13.3	25¼ – 12	18⅛	14.44	1.3	–1.82	def	0.52	2.9
700	541	Cone Mills	13.3	43½ – 21¼	36¼	59.73	0.6	3.24	11	2.20	6.1
702	668	Owens-Illinois	13.1	33 – 17⅛	27	46.57	0.6	3.49	8	1.68	6.2
703	673	Pacific Gas & Elec	13.0	28¼ – 19¼	27⅛	30.22	0.9	4.76	6	3.00	11.1
704	884	Cummins Engine	12.8	58¾ – 25⅞	43	65.31	0.7	1.70	25	2.00	4.7
704	798	Phelps Dodge	12.8	48½ – 17⅝	24¼	50.15	0.5	–3.08	def	none	0.0
706	287	Southwest Forest Inds	12.5	28⅞ – 7¼	11¼	27.72	0.4	–1.99	def	none	0.0
707	853	G C Murphy	12.4	22½ – 9⅝	19¼	32.11	0.6	1.10	18	1.28	6.6
708	876	Champion Intl	12.2	30¼ – 11¾	21⅞	28.70	0.8	0.27	NM	0.40	1.8
709	538	Crown Cork & Seal	12.0	37 – 22⅛	28	39.05	0.7	3.57	8	none	0.0
710	805	Central Soya	11.8	21¾ – 8⅜	15⅜	20.11	0.8	1.28	12	0.84	5.5
711	776	Kellogg	11.8	31⅛ – 15⅜	27⅛	10.60	2.6	2.89	9	1.60	5.9
712	626	Hawaiian Electric	11.7	30½ – 18¼	29⅞	35.76	0.8	5.04	6	3.00	10.0
713	173	Holly Corp	11.7	19¾ – 4⅞	8⅜	6.65	1.3	1.25	7	0.24	2.9
714	739	Northeast Utilities	11.6	12½ – 7⅜	12	12.78	0.9	1.71	7	1.28	10.7
715	460	Crane	11.5	45⅞ – 17¾	26¾	40.06	0.7	1.04	26	1.60	6.0
716	425	Rainier Bancorp	11.3	31½ – 17⅜	28¼	35.10	0.8	4.29	7	1.50	5.3
717	544	Texaco	11.3	54⅜ – 22⅛	30⅞	53.11	0.6	5.70	5	3.00	9.7
718	694	Gulf Resources & Chem	11.2	37⅞ – 8⅛	13⅜	11.11	1.2	–0.55	def	none	0.0
719	671	Southern Pacific	11.1	55 – 24¾	37⅞	82.84	0.5	4.56	8	2.60	6.9
720	548	Gulf Oil	10.8	54½ – 22¼	29⅝	53.89	0.5	5.01	6	2.80	9.5
721	863	Allegheny Power	10.5	24½ – 12⅛	22⅜	21.54	1.0	3.47	6	2.40	10.7
722	644	Comerica	10.4	28⅜ – 17⅞	25⅛	39.29	0.6	3.90	7	2.00	7.9
723	964	Sears, Roebuck	10.3	32 – 14⅜	30⅞	23.77	1.3	2.13	14	1.36	4.4
724	329	Kaneb Services	10.3	40⅛ – 11¾	16⅛	11.80	1.4	3.33	5	1.04	6.4
725	702	Interlake	10.2	45 – 21⅛	31	58.06	0.5	2.72	11	2.60	8.4
726	294	Stanadyne	10.1	46¼ – 19¼	32¾	29.56	1.1	3.48	9	1.72	5.3
727	155	Cooper Industries	9.9	62 – 19¼	25	26.05	1.0	4.67	5	1.52	6.1
728	464	Edison Bros Stores	9.7	35 – 20¼	26⅞	23.28	1.2	2.39	11	1.44	5.4
729	923	Warner-Lambert	9.6	32½ – 17	28½	15.87	1.8	2.19	13	1.40	4.9
730	275	BanCal Tri-State	9.5	43 – 14¾	23	40.23	0.6	1.70	14	1.20	5.2
731	676	Arizona Public Service	9.4	25⅛ – 14½	23¼	22.13	1.1	3.40	7	2.52	10.8
732	335	El Paso	9.4	30½ – 13⅜	17½	10.95	1.6	2.16	8	1.48	8.5
733	895	Libbey-Owens-Ford	9.2	29½ – 19⅜	28⅛	38.91	0.7	1.19	24	1.20	4.3
734	839	Kerr Glass Mfg	9.2	17¾ – 8½	13⅜	22.57	0.6	1.86	7	0.44	3.3
735	786	Tenneco	8.9	58⅜ – 22⅞	33½	38.33	0.9	5.61	6	2.72	8.1
736	817	Beneficial Corp	8.9	32⅛ – 14⅜	23	33.06	0.7	–2.03	def	2.00	8.7
737	967	Jim Walter	8.9	37⅞ – 16	33¼	40.58	0.8	0.29	NM	1.00	3.0
738	806	Hoover	8.3	18⅝ – 8⅜	13⅛	15.72	0.8	–0.31	def	1.00	7.6
739	769	Utah Power & Light	8.2	22⅜ – 13	21⅜	18.64	1.1	2.19	10	2.28	10.7
740	715	San Diego Gas & Elec	8.0	17½ – 9	16⅞	16.20	1.0	2.82	6	1.82	10.8
741	710	Baltimore Gas & Elec	8.0	30⅝ – 18⅜	28¾	31.61	0.9	4.04	7	2.84	9.9
742	900	Owens-Corning Fbrgls	7.9	36½ – 15⅛	35⅝	25.24	1.4	0.79	45	1.20	3.4
743	623	Toro	7.9	29⅝ – 5⅛	10¼	7.74	1.3	–1.18	def	none	0.0
744	674	GAF	7.9	16⅜ – 7¾	12	7.77	1.5	–0.52	def	0.20	1.7
745	624	Columbia Gas System	7.8	47 – 25⅛	31¼	38.50	0.8	5.18	6	2.86	9.2
746	889	Economics Laboratory	7.7	29½ – 15⅞	24⅜	15.52	1.6	2.46	10	1.04	4.3

Note: Except as footnoted, price changes are measured from Dec. 30, 1977 to Nov. 17, 1982. For comparison, the five-year change in the Consumer Price Index was 58%.
NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
746	401	Washington Gas Light	7.7%	43⅜– 18⅛	26⅛	$32.53	0.8	$3.30	8	$2.76	10.6%
748	605	Anderson, Clayton	7.7	32¾– 18⅛	24½	44.10	0.6	3.63	7	1.32	5.4
749	543	AMF	7.4	28½– 11½	18¼	19.68	0.9	1.47	12	1.36	7.5
750	844	First Charter Finl	7.3	21¾– 6⅞	18⅜	24.11	0.8	–2.63	def	0.80	4.4
751	874	Harris Bankcorp	7.1	35¾– 20⅝	32¼	54.65	0.6	5.56	6	2.20	6.8
752	652	TECO Energy	6.5	22¼– 13¼	20⅝	20.80	1.0	2.27	9	1.88	9.1
753	795	Central Illinois Lt	6.3	19⅛– 11¼	19	19.56	1.0	2.83	7	1.94	10.2
753	774	First Bank System	6.3	46½– 27½	38	55.68	0.7	6.40	6	2.64	6.9
755	659	Texas Utilities	6.3	25¾– 14⅞	23⅛	22.98	1.0	3.83	6	2.04	8.7
756	700	Louisiana Land	6.2	63¾– 19½	23⅝	21.66	1.1	1.88	13	1.00	4.2
757	547	Phillips Petroleum	6.1	62⅞– 23½	32½	36.02	0.9	4.25	8	2.20	6.8
758	727	AmeriTrust	6.0	38 – 23	35¼	61.17	0.6	6.00	6	2.88	8.2
759	160	Bangor Punta	6.0	29⅛– 10½	16¼	30.03	0.5	0.34	48	0.80	4.9
760	826	N Y State Elec & Gas	5.9	21⅜– 13⅛	20¼	22.15	0.9	3.63	6	2.20	10.9
761	793	Jefferson-Pilot	5.9	38 – 22⅛	31⅝	38.98	0.8	4.17	8	1.68	5.3
762	883	Mohasco	5.8	15¼– 7	13¾	30.17	0.5	1.01	14	none	0.0
763	682	Montana Power	5.7	36⅛– 18	25½	27.00	0.9	4.00	6	2.48	9.7
764	743	Central & South West	5.5	18¾– 11¼	16⅞	18.00	0.9	2.68	6	1.68	10.0
765	414	Longview Fibre	5.4	40 – 14½	19½	15.07	1.3	0.18	NM	1.20	6.2
766	789	Penn Traffic	5.3	19¼– 11⅜	15	22.61	0.7	2.21	7	1.20	8.0
767	740	Delmarva Power & Lt	5.2	15⅝– 10¼	15⅛	15.47	1.0	2.12	7	1.58	10.4
768	712	Sybron	5.1	24¾– 12	18	23.28	0.8	1.12	16	1.08	6.0
769	684	Commonwealth Energy	4.9	19 – 11¾	18⅝	20.78	0.9	2.28	8	1.88	10.1
770	778	Southwestern Pub Svc	4.9	16⅜– 9½	16⅛	10.54	1.5	2.02	8	1.62	10.0
771	732	No States Power	4.9	32½– 18	29⅝	29.51	1.0	4.89	6	2.74	9.2
772	716	Royal Crown Cos	4.7	22¼– 10⅝	19⅝	13.28	1.5	1.94	10	1.04	5.3
773	826	BankAmerica	4.4	30⅞– 15⅝	23⅞	27.72	0.9	2.87	8	1.52	6.4
774	*	First Security	4.2	26⅞– 14⅛	21½	24.05	0.9	3.74	6	1.10	5.1
775	724	Wisconsin Elec Power	4.2	25¾– 12¾	21⅝	22.75	1.0	3.69	6	1.94	9.0
776	622	Williams Cos	4.1	49⅞– 12⅝	19¼	34.50	0.6	1.17	16	1.20	6.2
777	944	International Paper	4.0	51⅝– 30½	45½	64.40	0.7	2.92	16	2.40	5.3
778	712	Indianapolis Pwr & Lt	4.0	27⅞– 17	26¼	24.60	1.1	3.14	8	2.60	9.9
779	960	Polaroid	3.8	60¼– 16¾	27⅛	29.16	0.9	0.99	27	1.00	3.7
780	685	Continental Corp	3.7	33⅜– 20⅝	27¾	40.47	0.7	3.16	9	2.60	9.4
781	754	Diversified Energies	3.5	25⅛– 17⅛	22	28.19	0.8	3.99	6	2.28	10.4
782	720	GATX	3.4	46 – 20½	26⅜	43.92	0.6	2.98	9	2.40	9.0
783	471	Consol Natural Gas	3.4	28½– 16⅞	23	26.98	0.9	3.93	6	1.88	8.2
784	608	Nash Finch	3.2	16¾– 12	16	23.51	0.7	3.13	5	1.60	10.0
785	704	Atlanta Gas Light	3.2	17⅛– 12⅜	16⅛	30.91	0.5	1.81	9	1.84	11.4
786	938	Adolph Coors	2.6	20⅛– 9½	13⅜	21.52	0.6	1.37	10	0.30	2.2
787	942	Pantry Pride	2.5	6 – 1	5⅛	–4.78	NE	0.18	28	none	0.0
788	678	Transway Intl	2.2	30½– 19¼	23⅝	27.76	0.9	2.98	8	1.80	7.6
789	686	American Tel & Tel	1.9	64¾– 45	61⅛	67.35	0.9	8.69	7	5.40	8.8
790	546	Timken	1.7	78 – 40⅜	51⅞	73.25	0.7	3.26	16	1.80	3.5
791	714	Pac Gamble Robinson	1.2	22⅞– 15⅜	19¼	29.04	0.7	1.82	11	1.60	8.3
792	759	Pay'n Save	1.0	29⅝– 16½	26⅜	26.57	1.0	2.33	11	1.00	3.8
793	802	So Carolina E & G	0.7	19 – 12	18⅝	18.47	1.0	2.02	9	1.92	10.3
794	832	Pacific Pwr & Lt	0.6	23 – 16	21⅜	21.53	1.0	3.15	7	2.16	10.1
795	764	Pub Svc Elec & Gas	0.6	24⅝– 15½	23	25.64	0.9	3.02	8	2.56	11.1
796	765	Intl Tel & Tel	0.4	35⅛– 22⅜	31⅞	41.26	0.8	4.29	7	2.76	8.7
797	537	Centerre Bancorp	0.0	26½– 15¾	19	36.41	0.5	3.74	5	1.80	9.5
797	649	Duke Power	0.0	24 – 13¾	22	23.81	0.9	3.24	7	2.28	10.4
797	725	Niagara Mohawk Power	0.0	16⅞– 10	15⅝	17.17	0.9	2.70	6	1.80	11.5
800	965	Firestone	–0.8	16 – 6⅛	15⅞	25.00	0.6	–0.07	def	0.60	3.8
801	459	Moore McCormack Res	–0.9	39⅞– 11⅝	19½	42.04	0.5	2.81	7	1.04	5.3
802	680	Continental Group	–1.1	40½– 25⅛	33⅜	49.51	0.7	4.70	7	2.60	7.7
803	800	Anchor Hocking	–1.1	21⅛– 13⅜	18⅛	30.09	0.6	1.33	14	1.36	7.5
804	496	Amsted Industries	–1.3	49 – 18⅝	27⅞	34.94	0.8	1.65	17	1.60	5.7
805	856	Central Ill Pub Svc	–1.7	15¾– 9⅞	14⅜	14.02	1.0	1.96	7	1.48	10.3
806	951	Colgate-Palmolive	–1.7	23¼– 11	21⅛	15.68	1.4	2.51	8	1.20	5.6
807	707	Houston Industries	–2.0	22¼– 16½	20	23.81	0.8	3.70	5	2.16	10.8
808	723	Textron	–2.4	38½– 17¼	25⅞	33.19	0.8	2.71	10	1.80	7.0
809	950	Dow Chemical	–2.8	39¼– 19⅝	26	25.82	1.0	2.05	13	1.80	6.9
810	902	RCA	–2.8	33⅞– 15¾	25¾	21.09	1.2	2.09	12	0.90	3.5

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*Not ranked last year. NM: not meaningful. NE: negative equity. def: deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
811	591	ACF Industries	–2.9%	52¼– 27½	33½	$44.13	0.8	$5.36	6	$2.76	8.2%
812	431	UGI	–3.2	36¼– 16½	22½	28.78	0.8	3.25	7	2.04	9.1
813	955	ARA Services	–3.3	48⅜– 23½	33	44.21	0.7	3.43	10	2.00	6.1
814	753	BancOhio	–3.4	24½– 11¾	17¾	38.97	0.5	2.84	6	1.00	5.6
815	781	Va Electric & Power	–3.5	15¾– 9⅛	14	18.53	0.8	1.98	7	1.60	11.4
816	975	K mart	–3.7	29⅝– 15⅛	26⅛	19.81	1.3	1.68	16	1.00	3.8
817	791	E I du Pont	–4.1	56 – 30	38½	43.60	0.9	4.26	9	2.75	7.1
818	859	Union Electric	–4.2	15¾– 9¾	14⅛	15.46	0.9	2.16	7	1.64	11.4
819	510	Midland-Ross	–4.5	30½– 11¾	16	23.65	0.7	0.67	24	1.40	8.8
820	785	Rochester Gas & Elec	–4.7	18½– 10	17⅜	20.57	0.8	3.07	6	1.76	10.1
821	750	Boston Edison	–4.9	26⅛– 18⅝	24½	31.68	0.8	2.91	8	2.80	11.4
822	919	Beatrice Foods	–5.0	28¼– 16¼	23⅝	22.46	1.1	2.96	8	1.50	6.3
823	973	Allied Supermarkets	–5.3	3⅞– ⅛	2¼	5.61	0.4	0.40	6	none	0.0
824	988	Great Atl & Pac Tea	–5.7	10⅜– 3½	8¼	8.08	1.0	0.04	NM	none	0.0
825	620	AMAX	–5.9	69 – 17½	22¾	40.31	0.6	–2.44	def	0.20	0.9
826	371	Dresser Industries	–6.0	57 – 12¼	20¾	24.23	0.9	3.19	7	0.80	3.9
827	868	Oklahoma Gas & Elec	–6.0	18⅞– 11½	17⅝	16.39	1.1	2.65	7	1.76	10.0
828	791	Kansas City Pwr & Lt	–6.1	29½– 18⅛	27⅛	33.37	0.8	4.38	6	3.16	11.6
829	542	Armco	–6.2	41¾– 14½	17¾	37.62	0.5	–1.59	def	1.20	6.8
830	783	Gulf States Utils	–6.3	14¼– 9	13	15.30	0.8	1.80	7	1.56	12.0
831	825	Scovill	–6.6	24⅞– 13⅞	21⅜	18.24	1.2	1.75	12	1.52	7.1
832	733	Arvin Industries	–6.9	23⅜– 9¾	17	22.39	0.8	1.04	16	1.12	6.6
833	864	Dayton Power & Light	–6.9	19 – 11⅛	16⅞	18.01	0.9	2.73	6	1.90	11.3
833	972	Zenith Radio	–6.9	21½– 7⅞	13½	15.73	0.9	–0.16	def	none	0.0
835	787	Long Island Lighting	–7.4	19¾– 13½	17¼	18.83	0.9	2.63	7	2.02	11.7
836	372	Alexander & Alexander	–7.4	38 – 20	23½	10.63	2.2	2.20	11	1.94	8.3
837	348	Halliburton	–7.5	86⅜– 21	30⅛	26.85	1.1	4.94	6	1.60	5.3
838	625	NICOR	–7.9	45½– 24¾	29	35.29	0.8	3.78	8	3.00	10.3
839	803	Kaiser Alum & Chem	–8.1	30¼– 11½	14⅛	34.25	0.4	–0.20	def	0.60	4.2
840	611	Mead	–8.1	33⅞– 13⅛	19¾	32.94	0.6	0.35	56	1.00	5.1
841	918	Foodarama Supermkts	–8.6	10 – 3	6⅝	15.65	0.4	0.70	9	none	0.0
842	631	Easco	–8.8	30¼– 13⅜	24¾	23.44	1.1	3.28	8	1.32	5.3
843	801	Middle South Utils	–9.1	17⅜– 10¼	15	17.94	0.8	2.46	6	1.66	11.1
844	809	Penn Power & Light	–9.2	24¼– 14½	21	24.56	0.9	3.30	6	2.32	11.0
845	*	United Illuminating	–9.3	28⅞– 17	25½	28.64	0.9	5.28	5	2.92	11.5
846	*	Coastal Corp	–9.4‡‡	59½– 14⅛	21¾	21.28	1.0	1.69	13	0.40	1.8
847	540	Southern Union	–9.7	34⅛– 12⅜	16⅜	20.65	0.8	1.87	9	1.56	9.5
848	871	Gas Service	–10.2	16¼– 9¼	12⅛	19.85	0.6	1.32	9	1.36	11.2
849	*	Atlantic City Elec	–10.9	23⅞– 14⅞	20½	22.21	0.9	2.20	9	2.28	11.1
850	823	Scot Lad Foods	–11.0	8 – 3½	4⅞	8.99	0.5	0.35	14	none	0.0
851	*	Mountain Fuel Supply	–11.4	53⅜– 24½	32⅛	31.02	1.0	4.79	7	2.60	8.1
852	925	Brockway Inc (NY)	–11.5	23⅛– 12½	17¼	28.80	0.6	2.05	8	1.32	7.7
853	970	General Motors	–11.7	66⅞– 33⅞	55½	57.20	1.0	2.95	19	2.40	4.3
854	904	Public Service Indiana	–12.0	29 – 17½	24⅞	24.54	1.0	4.80	5	2.76	11.1
855	729	WICOR	–12.1	25⅜– 15¾	19	29.30	0.6	2.32	8	2.14	11.3
856	487	Fieldcrest Mills	–12.4	37¼– 17⅛	24⅛	43.08	0.6	1.83	14	2.00	8.1
857	829	Carter Hawley Hale	–12.5	23 – 10½	15⅜	21.25	0.7	1.22	13	1.22	7.7
858	770	Carolina Pwr & Lt	–12.8	23⅞– 14⅞	20½	24.22	0.8	3.15	7	2.40	11.7
859	855	National City	–12.8	48½– 23¼	35¾	48.42	0.7	5.53	6	2.75	7.7
859	962	Pabst Brewing	–12.8	27 – 10¾	23	31.13	0.7	0.08	NM	0.40	1.7
861	589	Equitable of Iowa	–12.9	22¼– 13½	14¾	32.50	0.5	1.47	10	1.28	8.7
862	879	Kentucky Utilities	–13.1	24 – 14⅜	20¾	21.07	1.0	2.78	7	2.20	10.6
863	873	Fruehauf	–13.3	40 – 15¼	22¾	42.27	0.5	–1.83	def	0.40	1.8
864	831	Southern Company	–13.4	17⅞– 10¼	15⅜	16.33	0.9	2.27	7	1.70	11.1
865	286	HRT Industries	–13.6	13 – 5⅛	5½	16.65	0.3	0.07	NM	none	0.0
866	957	Bethlehem Steel	–13.6	32 – 14½	18¼	63.26	0.3	–6.68	def	1.00	5.5
867	946	Champion Spark Plug	–13.6	13¾– 6⅞	9½	10.03	0.9	0.59	16	0.80	8.4
868	821	Singer	–13.7	24⅛– 6¼	17⅜	17.49	1.0	–1.25	def	0.10	0.6
869	888	Cleveland Elec Illum	–14.0	22¾– 13½	19¼	19.63	1.0	3.06	6	2.28	11.9
869	869	Sperry	–14.0	65⅛– 20½	31⅛	55.51	0.6	3.69	9	1.92	6.1
871	933	Kellwood	–15.1	23½– 8⅛	19¾	24.28	0.8	2.59	8	0.40	2.0
872	833	Public Service Colo	–15.2	18⅞– 11⅛	16	16.22	1.0	2.11	8	1.76	11.0
873	890	Commonwealth Edison	–15.6	29⅛– 16¼	24⅜	26.45	0.9	3.65	7	2.80	11.5
874	659	Occidental Petroleum	–15.6	39⅛– 14⅞	19⅝	28.68	0.7	2.59	8	2.50	12.7

Note: Except as footnoted, price changes are measured from Dec. 30, 1977 to Nov. 17, 1982. For comparison, the five-year change in the Consumer Price Index was 58%.
*Not ranked last year. ‡‡Three-year price change. NM: not meaningful. def: deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
875	897	Duquesne Light	–16.3%	19½– 11⅜	16	$16.77	1.0	$1.95	8	$1.90	11.9%
876	799	Northwestern Steel	–16.4	38¾– 14⅞	21¾	33.10	0.7	–3.10	def	0.80	3.7
877	820	Phila Electric	–16.6	19¾– 11⅛	16⅝	18.10	0.9	2.39	7	2.12	12.9
878	891	Louisville Gas & Elec	–16.8	25¼– 14½	21	23.02	0.9	2.43	9	2.30	11.0
879	584	Allied Corp	–17.0	61¾– 27⅝	36¾	57.34	0.6	6.63	6	2.40	6.5
880	852	Illinois Power	–17.0	26¾– 15¾	22	21.36	1.0	3.09	7	2.48	11.3
881	567	Michigan National	–17.1	21¼– 10	15⅜	32.62	0.5	0.11	NM	1.20	7.6
882	911	Xerox	–17.4	71¾– 27⅛	38⅝	44.11	0.9	5.70	7	3.00	7.8
883	493	Continental Illinois	–17.5	42¾– 15⅛	22⅛	43.20	0.5	2.72	8	2.00	8.9
884	708	Edward Hines Lumber	–17.9	27¾– 12	15½	40.95	0.4	–18.17	def	none	0.0
885	*	Cross & Trecker	–17.9‡‡	41¾– 9½	18⅛	15.17	1.2	3.13	6	0.80	4.4
886	961	Georgia-Pacific	–18.1	34⅞– 13¼	23¼	20.20	1.2	1.11	21	0.60	2.6
887	813	Detroit Edison	–18.9	16⅞– 10	13⅜	17.39	0.8	1.66	8	1.68	12.6
888	917	Clark Equipment	–19.4	45 – 18	27	48.24	0.6	–13.05	def	1.10	4.1
889	804	St Regis Paper	–19.5	42½– 17½	24¼	42.59	0.6	3.51	7	1.12	4.5
890	953	Liquid Air	–19.6	34½– 14½	20½	21.58	0.9	2.30	9	1.60	7.8
891	741	American Can	–19.7	45⅛– 25⅛	31⅛	53.79	0.6	–6.89	def	2.90	9.3
892	932	Reynolds Metals	–19.7	40⅞– 18¾	26	68.08	0.4	–1.40	def	1.00	3.8
893	524	Am Natural Resources	–19.8†	56½– 25¼	36½	35.33	1.0	7.65	5	3.00	8.2
893	737	Ideal Basic Inds	–19.8	36⅛– 11¾	18¼	28.96	0.6	–1.18	def	0.60	3.3
895	920	Crown Zellerbach	–19.9	62¾– 15¼	27¼	41.43	0.7	1.81	15	1.00	3.7
896	866	Eagle-Picher Inds	–20.0	25⅝– 9⅝	15	22.29	0.7	1.22	12	0.96	6.4
896	718	H K Porter	–20.0	75 – 48	48	129.98	0.4	2.53	19	1.00	2.1
896	912	Portland Genl Elec	–20.0	20⅜– 10¾	15½	17.63	0.9	3.09	5	1.74	11.2
899	670	Dayco	–20.1	17⅝– 6¼	9¾	22.93	0.4	0.30	33	0.16	1.6
900	914	Toledo Edison	–20.4	25½– 15	20	23.50	0.9	3.16	6	2.35	11.8
901	836	DEKALB AgResearch	–21.5	60¼– 12¼	15½	28.40	0.5	1.46	11	0.72	4.6
902	996	Chrysler	–21.8	13¾– 3	9⅞	–8.61	NE	1.07	9	none	0.0
903	559	Data General	–21.8	87⅓– 20¼	39¾	36.42	1.1	1.83	22	none	0.0
904	706	American Bakeries	–22.0	18¼– 8	10¼	16.76	0.6	–2.05	def	none	0.0
905	819	Consumers Power	–22.3	25¼– 15⅜	18¾	27.78	0.7	3.19	6	2.44	13.0
906	721	Amerace	–22.7	32¼– 14⅛	17	34.63	0.5	0.85	20	1.32	7.8
907	896	Emery Air Freight	–22.8	28¾– 7	15⅞	4.97	3.2	0.71	22	0.50	3.1
908	730	Caterpillar Tractor	–23.0	73¼– 33⅛	42¼	42.36	1.0	1.45	29	1.50	3.6
909	930	Ohio Edison	–23.1	19¾– 10¼	15	15.94	0.9	2.11	7	1.76	11.7
909	810	Del E Webb	–23.1	38 – 4⅞	10	13.25	0.8	–0.32	def	none	0.0
911	657	Lukens	–23.2	19 – 8¾	11	27.37	0.4	0.90	12	0.72	6.5
912	788	Pennwalt	–23.2	42½– 21½	29¼	37.32	0.8	2.96	10	2.20	7.4
913	442	Kaiser Steel	–23.4	50¾– 13¾	17⅞	34.63	0.5	0.62	28	none	0.0
914	880	Research-Cottrell	–23.6	26⅜– 9⅜	15¾	21.15	0.7	2.40	7	0.32	2.0
915	963	Certain-teed	–23.8	24⅞– 10	18	19.71	0.9	–1.53	def	none	0.0
916	448	Seafirst	–24.5	33½– 12½	17⅞	35.51	0.5	–0.61	def	1.44	8.1
917	881	Cincinnati G & E	–24.9	23⅝– 14	17⅜	19.68	0.9	2.55	7	2.16	12.4
918	916	Koppers	–25.3	35¼– 11¼	17	23.11	0.7	0.79	22	1.40	8.2
919	775	Amer Hoist & Derrick	–25.5	26½– 8¾	13⅞	30.66	0.5	–0.04	def	none	0.0
920	901	American Elec Power	–25.6	24½– 15¼	18⅛	20.42	0.9	2.15	8	2.26	12.5
921	815	Republic Steel	–25.8	32⅛– 14⅞	16½	102.64	0.2	–9.99	def	0.50	3.0
922	979	Yellow Freight System	–26.4	33½– 10⅞	20¼	15.68	1.3	0.96	21	0.84	4.1
923	878	Ingersoll-Rand	–27.9	80 – 35½	41⅜	60.74	0.7	5.65	7	2.60	6.3
924	981	Bird & Son	–27.9	25⅞– 4⅝	14⅛	18.04	0.8	–5.20	def	none	0.0
925	931	Bucyrus-Erie	–28.5	27½– 10¼	15⅜	19.68	0.8	1.29	12	0.88	5.7
926	814	Diamond Shamrock	–29.1	39⅝– 16½	21	20.68	1.0	2.60	8	1.76	8.4
927	898	Graniteville	–30.1	17¼– 8½	9⅞	23.35	0.4	–1.85	def	none	0.0
928	796	A O Smith	–30.6	24⅞– 7⅜	9⅜	43.07	0.2	–2.98	def	none	0.0
929	982	Ford Motor	–31.7	51⅞– 15¾	31¼	61.11	0.5	–6.38	def	none	0.0
930	929	Revlon	–33.1	59 – 22⅞	29½	29.37	1.0	2.97	10	1.84	6.2
931	539	Chromalloy American	–33.9	28¼– 7¼	10¼	21.47	0.5	–2.17	def	none	0.0
932	659	Nashua	–34.4	38 – 8½	13⅜	31.08	0.4	–0.95	def	0.40	3.0
933	757	Rexnord	–34.5	21¼– 8½	11⅜	18.88	0.6	0.51	22	0.40	3.5
934	939	No Indiana Pub Svc	–34.6	19¼– 10	12½	16.05	0.8	0.81	15	1.50	12.0
935	588	Dravo	–35.1	33⅛– 9¼	12⅛	18.91	0.6	0.40	30	0.50	4.1
936	488	Marion	–35.4	16½– 2⅞	3⅛	5.70	0.5	–0.94	def	none	0.0
937	398	McDermott	–35.8	46⅝– 14¾	18⅛	32.21	0.6	4.19	4	1.80	9.9
938	969	Inland Steel	–36.0	41⅞– 18⅛	24⅝	61.35	0.4	–4.42	def	0.50	2.0

Note: Except as footnoted, price changes are measured from Dec. 30, 1977 to Nov. 17, 1982. For comparison, the five-year change in the Consumer Price Index was 58%.

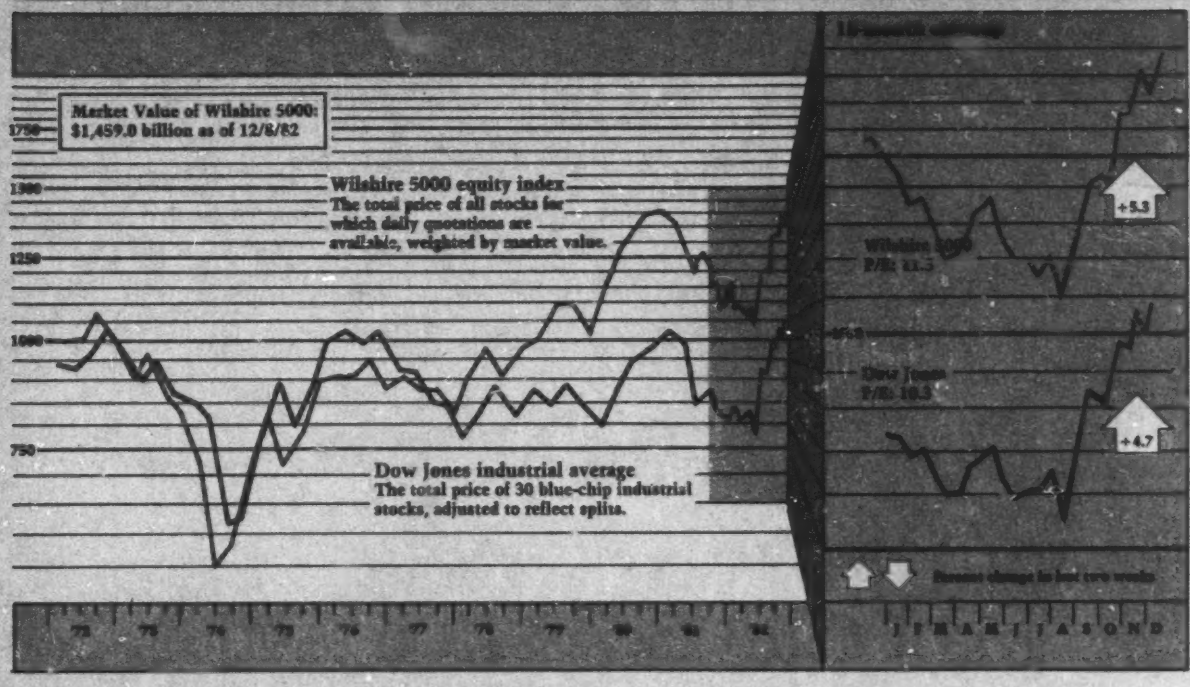
*Not ranked last year. ‡‡Three-year price change. †Price change does not reflect the value of shares received in spinoff. NM: not meaningful. NE: negative equity. def: deficit.

Who's where in the stock market

Rank 82	Rank 81	Company	5-year price change	1978-82 price range	Recent price	Book value (per share)	Recent price/ book value	Latest 12-month earnings per share	Price/ earnings ratio	Indicated annual dividend	Current yield
939	926	United States Steel	-36.1%	35¼- 16	20⅛	$69.11	0.3	$1.06	19	$1.00	5.0%
940	830	Castle & Cooke	-37.1	19½- 6⅞	9	16.02	0.6	-2.09	def	none	0.0
941	872	Pittston	-38.2	34¾- 11⅞	14⅜	17.67	0.8	1.36	11	0.60	4.2
942	977	Talley Industries	-39.3	15⅜- 3⅜	6¾	11.27	0.6	-1.65	def	none	0.0
943	892	MAPCO	-39.4	51⅞- 20½	24	20.20	1.2	3.08	8	1.80	7.5
944	935	Pan Am World Airways	-40.0	10⅛- 2⅜	3	11.05	0.3	-5.13	def	none	0.0
945	983	Burroughs	-41.0	88 - 27⅛	43	51.88	0.8	3.88	11	2.60	6.0
946	641	Raymond Intl	-41.1	36 - 9⅜	13⅛	24.39	0.6	2.23	6	1.00	7.3
947	927	Chic Pneumatic Tool	-41.3	34⅞- 10⅞	14⅜	31.99	0.4	-1.17	def	none	0.0
948	915	Avon Products	-42.3	63 - 19⅜	27¾	15.51	1.8	2.94	9	2.00	7.2
949	857	UMC Industries	-43.9	22⅛- 7⅜	9¾	16.98	0.6	1.12	9	0.60	6.2
950	909	Colonial Penn Group	-44.0	38 - 11¼	17	18.83	0.9	1.55	11	1.40	8.2
951	935	Western Air Lines	-44.3	14⅜- 3⅛	4¼	7.59	0.6	-4.81	def	none	0.0
952	913	General Refractories	-45.2	14 - 2⅜	4¼	22.03	0.2	-5.90	def	none	0.0
953	974	Inco	-46.7	33¼- 7⅞	9⅛	16.53	0.6	-2.70	def	0.20	2.2
954	954	National Steel	-47.3	35¾- 13⅞	17⅛	79.57	0.2	-9.07	def	1.00	5.8
955	771	National-Standard	-48.6	23⅞- 7½	9⅛	26.11	0.3	-2.81	def	none	0.0
956	646	Tiger International	-48.9	34⅝- 4⅝	8⅜	24.76	0.3	-4.15	def	none	0.0
957	361	Evans Products	-48.9	26½- 4⅞	8¼	23.00	0.4	-2.45	def	none	0.0
958	648	Savin	-49.6	24⅜- 4⅜	7¾	5.30	1.5	-4.51	def	none	0.0
959	921	Hanna Mining	-51.8	44⅜- 16½	18⅛	49.22	0.4	-1.15	def	1.40	7.7
960	886	Harnischfeger	-53.3	26 - 6¼	8	21.91	0.4	-1.61	def	none	0.0
961	745	Pettibone	-55.2	29¼- 8¼	8¼	34.36	0.2	-5.95	def	none	0.0
962	374	Revere Copper	-56.6	25⅜- 4¾	5¾	33.17	0.2	-8.40	def	none	0.0
963	952	Allis-Chalmers	-63.1	38⅝- 6¼	9⅛	44.59	0.2	-9.16	def	none	0.0
964	987	Rath Packing	-64.8	8⅛- ¼	1⅛	-2.13	NE	-5.97	def	none	0.0
965	976	Westmoreland Coal	-65.1	42½- 14	15	23.97	0.6	2.06	7	none	0.0
966	995	First Pennsylvania	-69.4	17⅞- 2⅜	5⅛	13.56	0.4	-1.68	def	none	0.0
967	984	General Public Utils	-71.9	21½- 3⅜	5⅞	22.83	0.3	0.54	11	none	0.0
967	835	Wickes Cos	-71.9	19½- 2	4¼	2.04	2.3	-15.28	def	none	0.0
969	998	Commonwealth Oil Rfg	-73.7	19⅜- ⅛	⅝	-3.96	NE	-1.42	def	none	0.0
970	968	Manville	-75.4	34¼- 4¼	8	38.36	0.2	-0.25	def	none	0.0
971	989	AM International	-81.9	32⅞- ¾	2⅞	-8.20	NE	-8.11	def	none	0.0
972	994	Intl Harvester	-84.7	45½- 2¼	4⅝	39.51	0.1	-30.01	def	none	0.0
973	999	Massey-Ferguson	-85.3	14⅝- 1⅝	2⅛	0.32	6.6	-8.64	def	none	0.0
974	997	Sambo's Restaurants	-88.8	21¼- ⅜	1⅝	-0.19	NE	-5.93	def	none	0.0
975	992	Braniff Intl	-89.0	18⅝- ⅛	1⅛	-4.72	NE	-8.86	def	none	0.0
976	980	KDT Industries	-92.4	18 - ⅛	1	4.96	0.2	-11.34	def	none	0.0
**	*	Apple Computer		36 - 10¾	31⅛	3.21	9.8	1.06	30	none	0.0
**	*	Bruno's		28¼- 7⅛	27	4.95	5.5	1.58	17	0.40	1.5
**	*	CIGNA		55⅜- 31	48¼	55.80	0.9	10.79	4	2.30	4.8
**	*	Consol Petroleum		12¼- ½	⅜	2.20	0.2	-0.26	def	none	0.0
**	*	CSX		60½- 36¼	54¼	75.93	0.7	7.18	8	2.84	5.2
**	*	Dart & Kraft		71⅜- 39⅜	68¼	49.81	1.4	4.47	15	3.60	5.3
**	*	Dillingham		22⅜- 9⅞	22¼	22.92	1.0	1.90	12	0.70	3.1
**	*	Engelhard		32⅜- 17	28¼	14.01	2.0	2.45	12	0.56	2.0
**	*	L B Foster		18 - 3½	5¼	8.31	0.6	0.52	10	0.10	1.9
**	*	Geo International		46½- 7½	11⅜	11.92	1.0	1.47	8	0.24	2.1
**	580	Imperial Corp of Am		16 - 4¾	15⅛	19.61	0.8	-4.13	def	none	0.0
**	427	Masonite		42⅜- 17¾	42	43.61	1.0	-1.34	def	1.32	3.1
**	*	MGM Grand Hotels		17⅜- 5½	7⅜	5.07	1.5	0.61	12	0.44	6.0
**	*	MGM/UA Entertainment		12⅞- 5	6¾	5.61	1.2	0.55	12	0.20	3.0
**	*	Midcon		32½- 19⅜	25¾	31.53	0.8	4.50	6	2.08	8.1
**	*	Nabisco Brands		42¾- 25⅛	38⅝	23.94	1.6	4.65	8	2.05	5.3
**	*	NIKE		54¼- 17¼	45¾	7.53	6.1	3.09	15	none	0.0
**	*	Norfolk Southern		65 - 40¼	55¾	51.57	1.1	7.62	7	2.80	5.0
**	*	Peabody Intl		8⅞- 4⅜	7½	11.26	0.7	0.21	36	0.16	2.1
**	*	Peoples Energy		10⅞- 7	10⅜	10.30	1.0	1.54	7	1.00	9.6
**	*	Phibro-Salomon		60⅞- 20⅛	56⅛	21.69	2.6	4.72	12	0.94	1.7
**	*	Prime ak		29⅛- 21	26¾	51.24	0.5	2.82	9	2.40	9.0
**	*	Richardson-Vicks		34¾- 20½	31⅜	20.55	1.5	2.67	12	1.48	4.7
**	217	RLC		10⅛- 5¼	8⅞	7.72	1.1	0.51	17	0.20	2.3
**	*	Swift Independent		28⅞- 8¾	26⅜	14.51	1.8	5.51	5	1.04	3.9
**	*	Wilson Foods		9⅝- 4⅛	8¼	14.26	0.6	2.55	3	none	0.0

Note: Except as footnoted, price changes are measured from Dec. 30, 1977 to Nov. 17, 1982. For comparison, the five-year change in the Consumer Price Index was 58%.
*Not ranked last year. **Not ranked due to merger, spinoff or new issue. NE: negative equity. def: deficit.

The Forbes/Wilshire 5000 Review



Neither rain nor hail..., not even early reports of a weak Christmas season or continued discouraging figures from Washington were enough to cause more than momentary pauses in the market over the past two weeks. But general reports that the renewed market strength was primarily institutions buying blue chips are partly contradicted by the comparative indexes followed by FORBES.

True, the blue chips performed well in the period, as tracked through the 30 Dow Jones industrials, which were up 4.7% over the last two weeks. But the broader indexes such as the Wilshire 5000 and the NYSE index outperformed the Dow. And the strongest performer, up 6.1%, was the group traded on the NASDAQ exchange.

This does not necessarily mean that stocks of little companies led the pack. The o-t-c market has homegrown some sizable companies, particularly in the area of technology, including MCI Communications and Apple Computer, and these were among the biggest gainers. The Amex, also considered a gauge for little stocks, underperformed the others with only a 3.2% climb, but the Amex is heavy with oil production and service stocks, which generally did poorly during the latest period.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Indus 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
In last 4 weeks	5.6	6.0	4.7	5.4	-0.7	4.5
In last 52 weeks	11.8	NA	17.9	12.4	4.5	21.4

Market performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
In last 4 weeks	5.5	2.0	4.1	6.3	0.3	7.4	5.4	1.5	3.3	6.1
In last 52 weeks	36.4	23.5	17.6	47.9	20.9	50.9	41.6	26.4	17.9	30.9

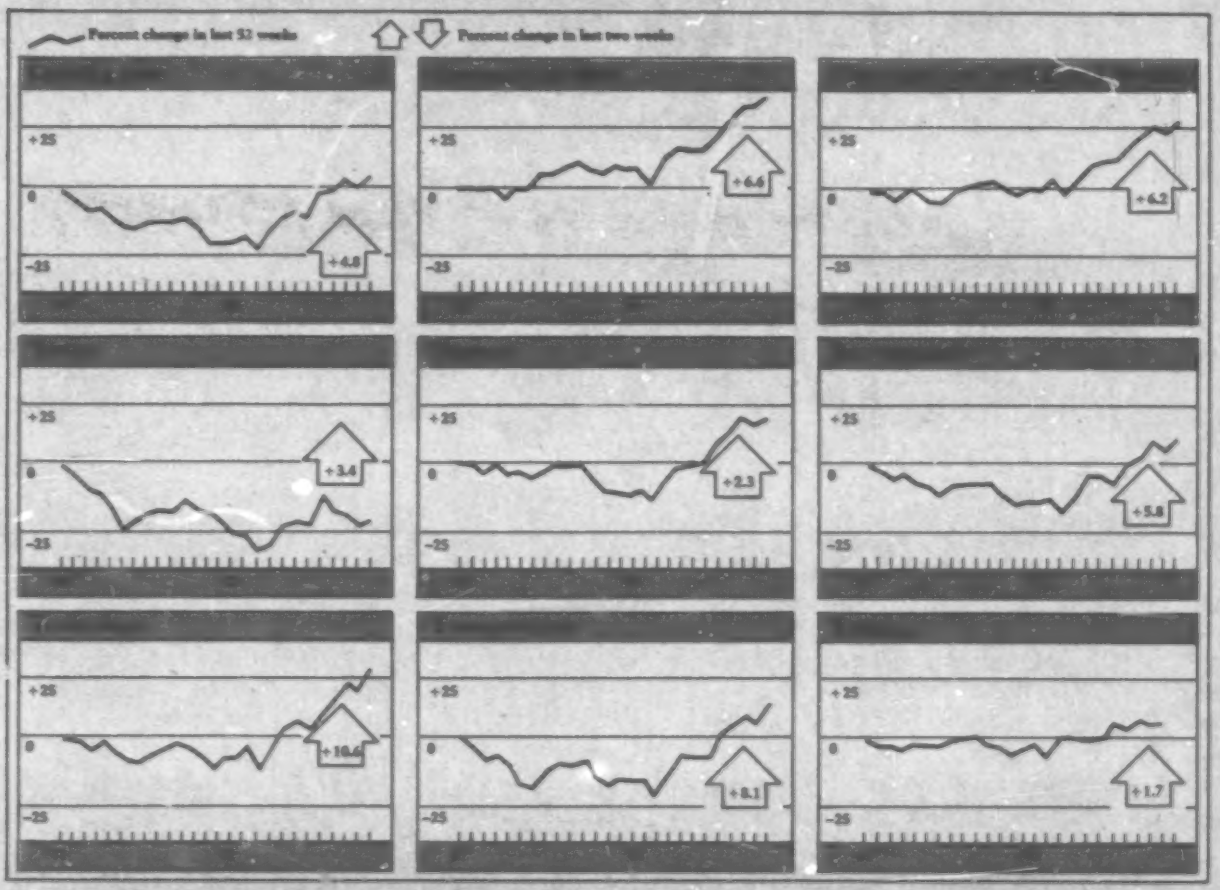
NA: Not available.
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 12/8/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

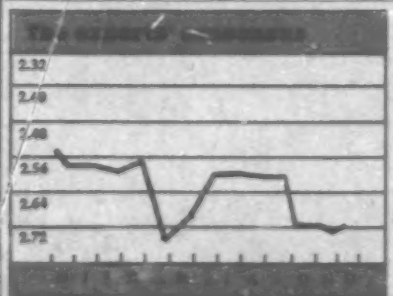
Turning up the computer. Investors decided over the past two weeks to turn down the lights (utility stocks barely moved in the most recent rally) and turn up their computers—the technology sector climbed a healthy 10.6%. Reports that the Christmas season was even weaker than expected in many parts of the country hurt some consumer nondurable stocks, and computer games were kicked around after Warner Communications and Mattel tied a downsizing of projected 1982 earnings to reduced Christmas cheer.

A run on the airlines—tied to reduced fuel costs and declining likelihood of fare wars—sent those stocks up in several spurts, which produced a strong gain for the transportation sector as well.



What The Analysts Think

Energy speculation? Energy stocks, which have only mildly excited the analysts in the past few reports, suddenly jumped to second favorite, topped only by technology. There's possible takeover speculation about companies like Mesa and Kerr-McGee, some theorize. Meanwhile, consumer durables are still solidly in last place.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Technology	2.50	1	1
2	Energy	2.67	5	4
3	Capital goods	2.67	2	2
4	Utilities	2.70	3	3
5	Transportation	2.76	7	7
6	Finance	2.79	6	5
7	Raw materials	2.82	8	8
8	Consumer non-durables	2.86	4	6
9	Consumer durables	2.99	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 12/8/82. Prepared by Wilshire Associates, Santa Monica, Calif.

JANUARY 17, 1983 THREE DOLLARS

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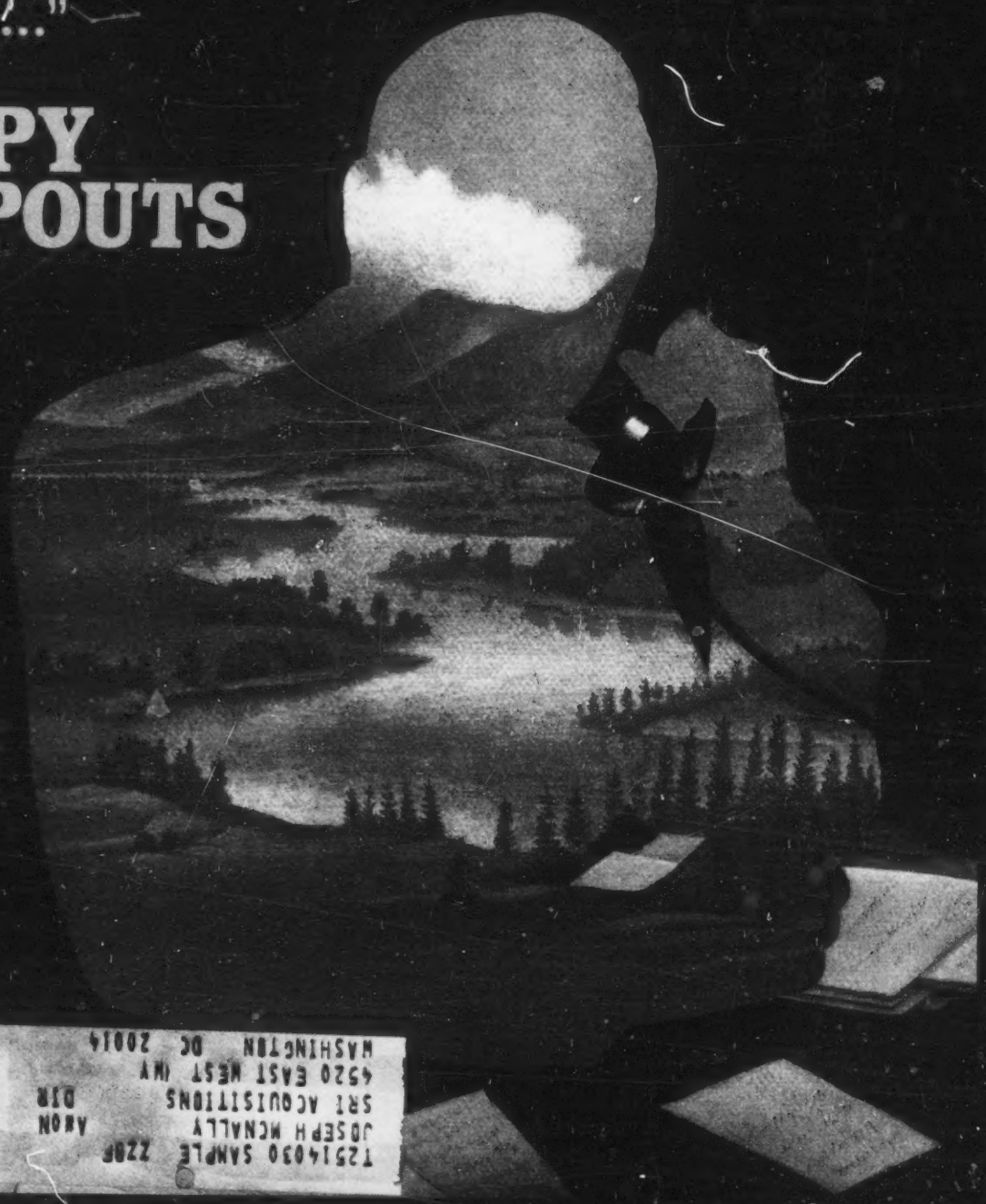
Forbes

"You can take this job and..."

HAPPY DROPOUTS



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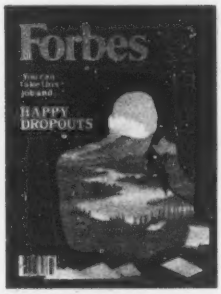

78 Cover Story: Do not confuse dropping out with being laid back.

40 Energy: "It's possible," says George Mitchell, "to buy oil for less than it costs to find it."

47 Commodore: The top man's past ensures future public scrutiny of the most searching kind.

39 Pension Funding:
The Other $1 Trillion
Legislators at every level are even more generous with government workers than they are with the taxpayers who elect them. So, if you think Social Security has problems, take a look at the public pension systems.

40 Energy:
Straw Hats In The Fall
With demand slack and prices wobbly, a lot of oil and gas properties have been changing hands. What do the buyers see—canny veterans like George Mitchell, for example—that the sellers are missing?

41 Wall Street:
The Brokers' Yachts
Drug dealing aside, name another line of work where one hundred thou a year is unremarkable and a cool million is a plausible hope.

42 Gambling:
Off-Track Fretting
"There's only so much money to go around," sighs a New York State legislator, brooding about the diminishing returns on state-sanctioned Off-Track Betting parlors. The message: Legalized gambling profits have their limits as a public financing tool.

46 Taxes:
Panama, Ho!
It's not anxiety about Three Mile Island lawsuits that persuaded McDermott Inc. to domicile the company in Panama. It's Subpart F of the tax code, and the cash savings can be considerable. And the move need not stop there. If Panama today, why not the Grand Caymans tomorrow?

47 Companies:
Commodore International
With one of the bestselling home computers on the market, Commodore is one of the hottest companies around in that very hot field. But Jack Tramiel, Commodore's founder and chief executive, has a cloudy past, and there is doubt whether he is the right man to preside over his company's transition from a one-man enterprise to a major corporation.

52 The Up & Comers:
Super Sky International
Making skylights in all sizes and shapes for commercial use strikes Larry Huffman as an easy-entry business. "You can get into it," he says, "with a hacksaw and pliers." Beating him at the game is a different matter.

57 Apparel:
Rags Are Riches
You wanna talk markups? How about an old evening dress, circa 1920, picked up in someone's attic for $8 and ultimately fetching $150 in some trendy boutique? That's exceptional, of course, but even the more routine markups in the vintage clothing market are nothing to sneeze at. At Antique Boutique, the world's largest used clothing store, the markup exceeds more than 100% on many items.

62 Companies:
Parsons Corp.
Megaprojects, like building the Jeddah airport complex in Saudi Arabia, will be hard to come by in the next few years, but Parsons has adroitly positioned itself to get by on smaller stuff. "Ten smaller jobs smooth out the curves," says Chairman William Leonhard, "and can bring more down to the bottom line than a single $1 billion project."

69 Technology:
The Preparation Revolution
With home computers sprouting everywhere, it was inevitable that software would be developed for do-it-yourself income-tax preparation. More than 40 tax programs are now available. Which is the right one for you? Here, a conscientious guide. The cost of it may be tax-deductible.

75 Management:
Are American Executives Too Selfish?
Too many executives, it's charged, are numbers-obsessed rather than people-oriented. The heated debate on this issue, at the Harvard Business School and elsewhere, is no mere academic exercise, and it may be a bum rap.

52 The Up & Comers: How much more market share can be really expect to get?

62 Parsons: A kind word for an overused word—"infrastructure."

75 Management: Is the real problem myopia? Selfishness? Neither?

101 Taxing Matters: The real-life dilemma of LIFO—a tax bill when least wanted.

78 Cover Story—Personal Affairs: Happy Dropouts
Breathes there an executive with soul so dead who never to himself hath said, "Take this job and . . ."? We tracked down eight such who asked, acted and have no regrets. Most had money, and it helped, but it was not the essential element. More important were guts, imagination and ability.

Faces Behind The Figures

86 Kenneth Schnitzer,
Houston real estate developer
86 Sam Nassi,
Sam Nassi Co., liquidators
87 Roger Milgrim,
Lawyer, specialist in trade secret litigation
87 William Heron,
Citicorp
90 Terence Conran,
Home furnishings chain retailer

96 Companies: Lifemark Corp.
Smallest of the big five hospital management companies, Lifemark racked up some impressive growth through the 1970s as health-care costs grew at unprecedented rates. Chairman Bill Mackey wants to continue to expand through the 1980s. But the future may not be like the past.

100 Numbers Game: Capital Offense?
To most accountants, the cost of developing a computer program is a form of R&D and should be expensed—written off against current revenues. But Richard Daly, boss of Comserv, maker of software systems for manufacturers, thinks his programs are assets and lists them as such on his balance sheet. Here, the dilemma is analyzed.

101 Taxing Matters: A LIFO Boomerang
Companies living on their inventories may be stuck with higher tax bills just when they can least afford them.

108 Streetwalker: If You Could Love Only One. . . .
Our annual exercise wherein some top analysts name their best bet for 1983.

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Illustrations:
46, 100, 104, Chas. B. Slackman; 75, 77, Philippe Weisbecker

Cover:
Richard Mantel

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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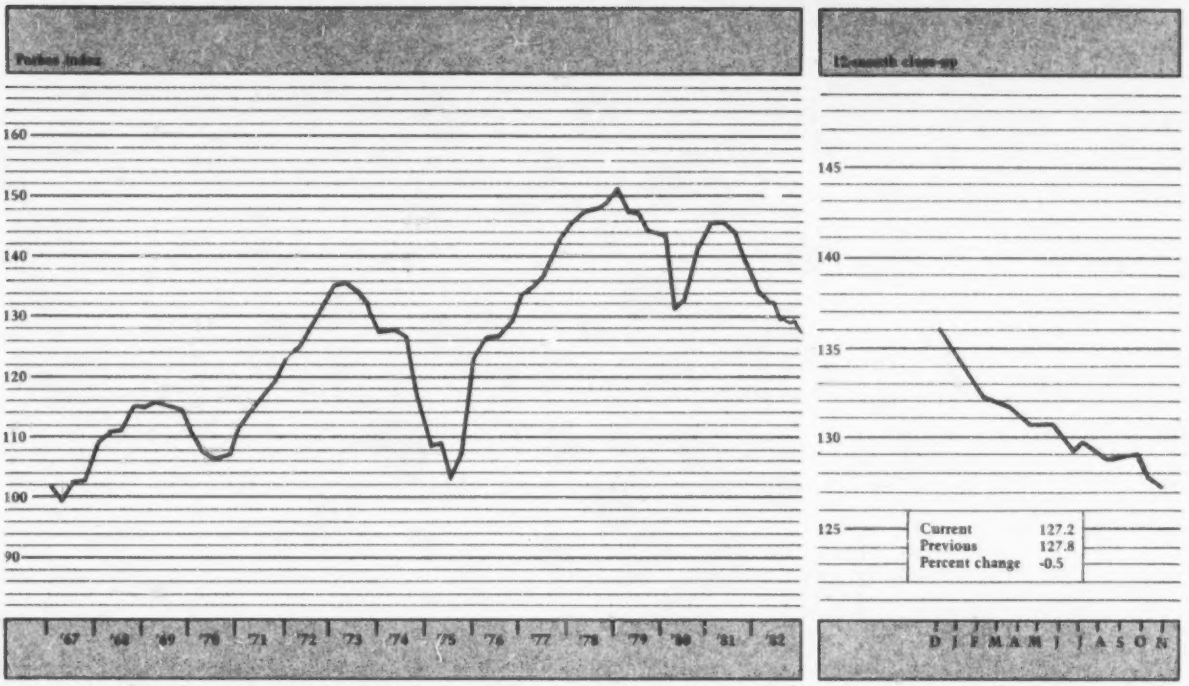
The Forbes Index



Another skid. The Forbes Index has declined for the second consecutive time. The main reason is continued weakness in the business sector. Industrial production fell 0.4% in November after a 0.8% dip the prior month.

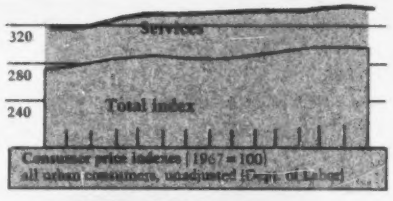
The good news is that consumers may be about to lead the way to recovery even though personal income fell 0.1% in the latest reporting period. Retail sales were up a healthy 2.3%, compared with a 0.6% gain the previous month. Most of that increase came from surprisingly strong auto sales. Housing also continued to gain strength, rising 0.2%.

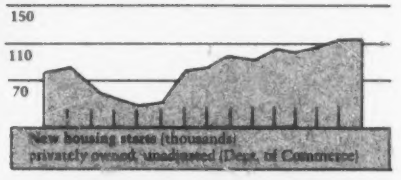
The increases in autos and housing follow the decline in interest rates and are considered prerequisites for recovery. Meanwhile, the Consumer Price Index was down 0.2% while prices in the economy's increasingly important services sector dropped 0.5%.

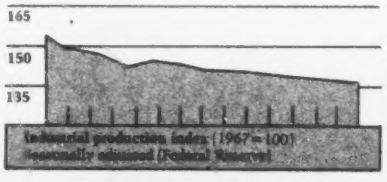
The Forbes Index Components

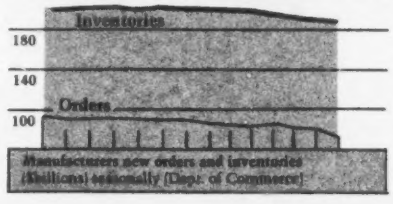
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

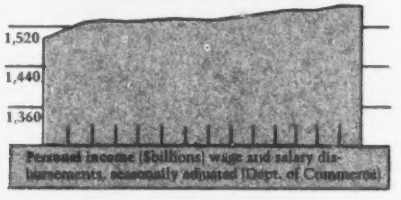
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.

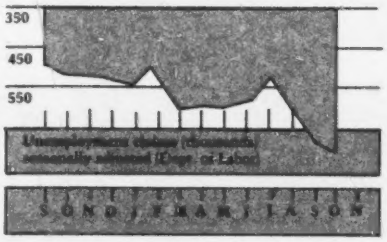


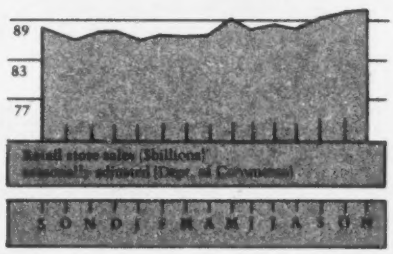


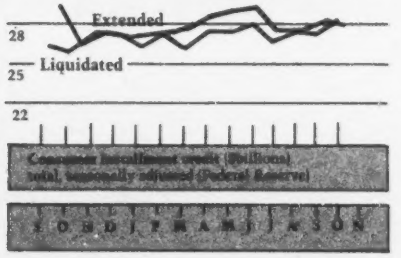




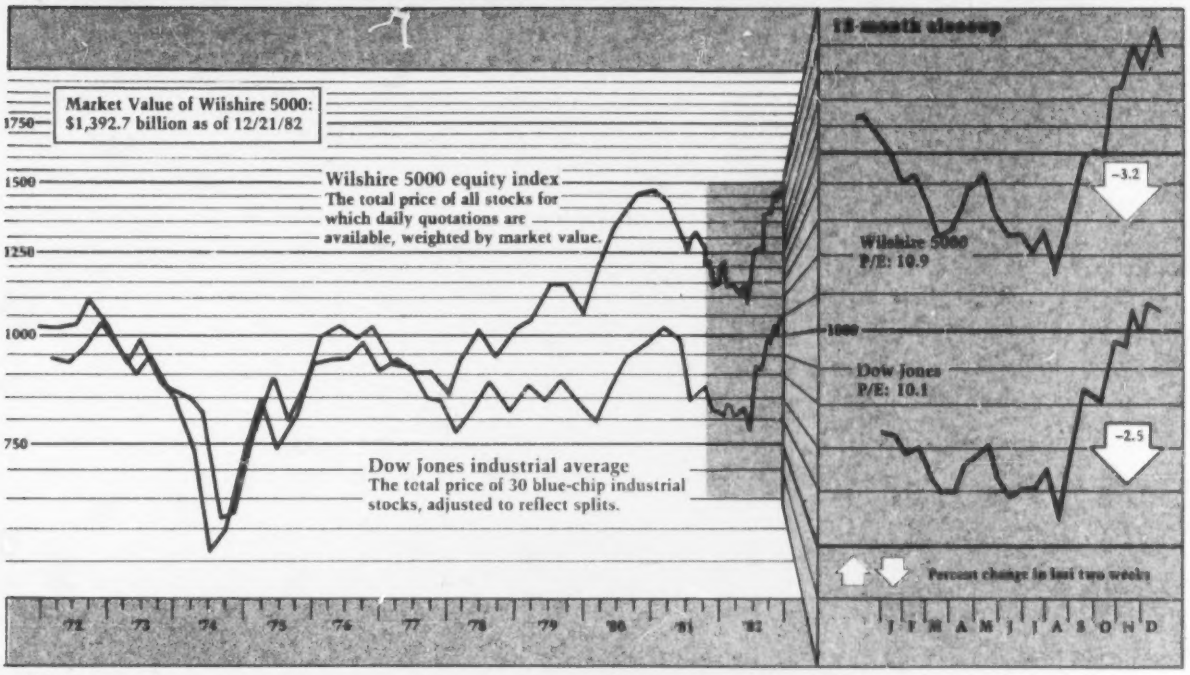








The Forbes/Wilshire 5000 Review



Singing the blues. The market struggled through the last several weeks with the Dow gyrating back and forth around the 1000 level. In this time of testing, blue-chip issues generally held up better than secondary stocks. During the last two weeks the Dow and the NYSE lost 2.5% and 2.9%, respectively, while Amex issues were off 3.1% and NASDAQ stocks fell 5%. A similar pattern held over the recent four-week period: The Dow gained 4% while the Amex issues advanced only 0.8% and NASDAQ stocks were up only 1.6%. The impact of large capitalization issues can be seen in the broadly based Wilshire index. Over the last four weeks the Wilshire was only slightly behind the NYSE—a gain of 3.1% vs. 3.5%.

With the recent strength of the blue chips, the Dow is again slightly ahead of the NASDAQ for the last 52 weeks. Secondary stocks have yet to establish themselves as clear-cut heirs to the rally sparked off by the blue chips. And the Amex market value index—weighted heavily with oil and oil-related stocks—is still a considerable distance behind the others.

Investors were quite risk-averse over the last four weeks. All the market focus groups below underperformed the Dow. Stock buyers were putting their money only into what they perceived as safe and secure investments.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.1	1.6	4.0	3.5	0.8	1.6
in last 52 weeks	18.8	NA	18.2	11.9	3.1	16.8

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	2.0	2.2	1.9	1.6	0.5	2.7	1.6	1.0	2.8	2.4
in last 52 weeks	32.0	25.4	15.8	45.1	21.2	45.7	36.8	25.8	15.2	27.8

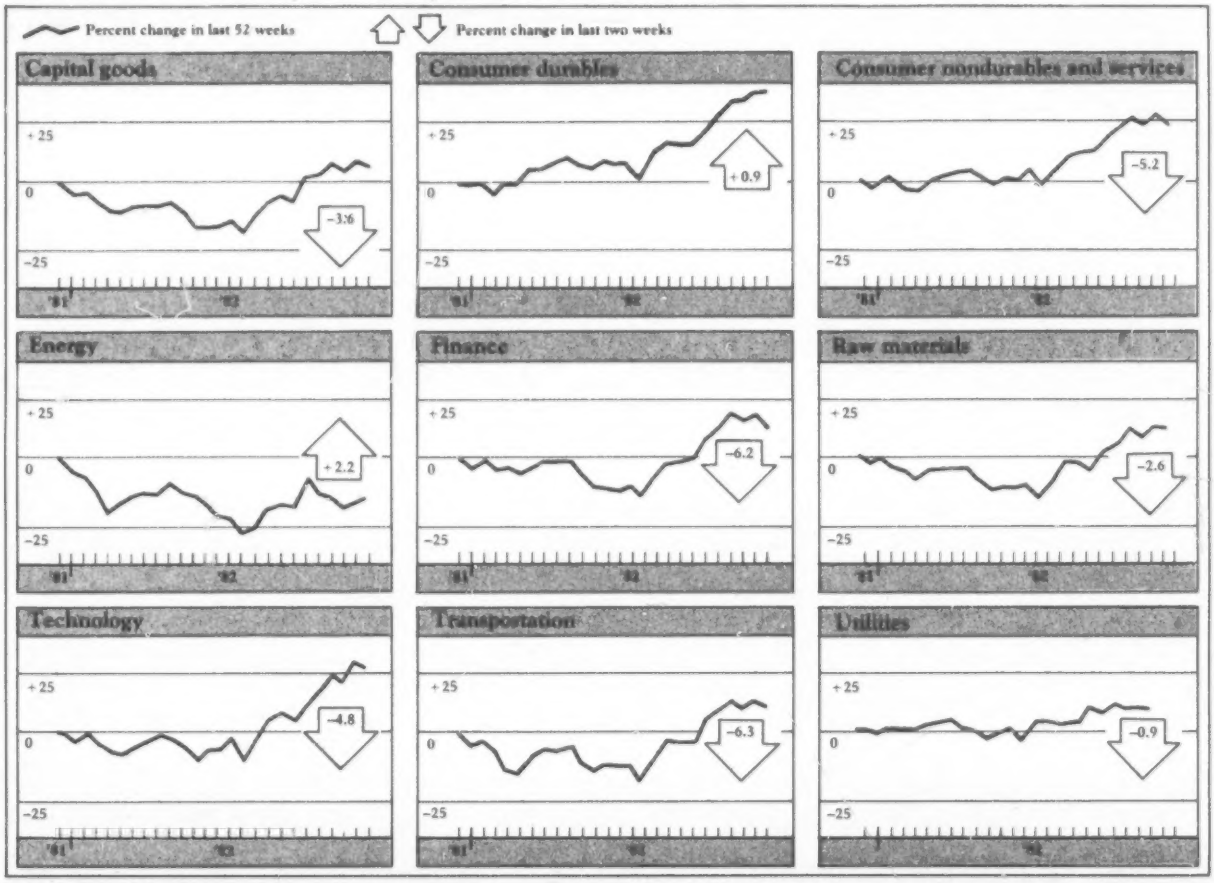
NA: Not available.
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 12/21/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

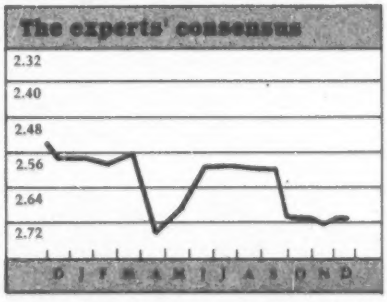
Rolling again? The consumer durables sector has been one of the brightest groups so far this winter. Sparking these gains has been a resurgence in the popularity of the stocks of the automakers. While vehicle sales have not been remarkable—especially when manufacturers have not offered rebates or special financing deals—there is plausible hope that lower interest rates and a pickup in the rest of the economy could finally mean a return to profitability for a leaner and meaner Detroit.

The second strong sector is the energy group. But energy is a study in contrasts. While the major oils have generally been weak, merger activity and speculation have helped boost issues such as General American Oil, Tidewater and El Paso. The weakest sector is transportation. Airlines lost much of the altitude gained earlier in the month.



What The Analysts Think

On vacation. High-paid institutional analysts had little in the way of new advice. Technology stocks—the fourth-worst performing group over the last two weeks—are still their favorites. On the other hand, consumer durables—the best performing group—are firmly in last place. But, say the analysts, they are looking ahead several months.



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Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

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JANUARY 31, 1983 THREE DOLLARS

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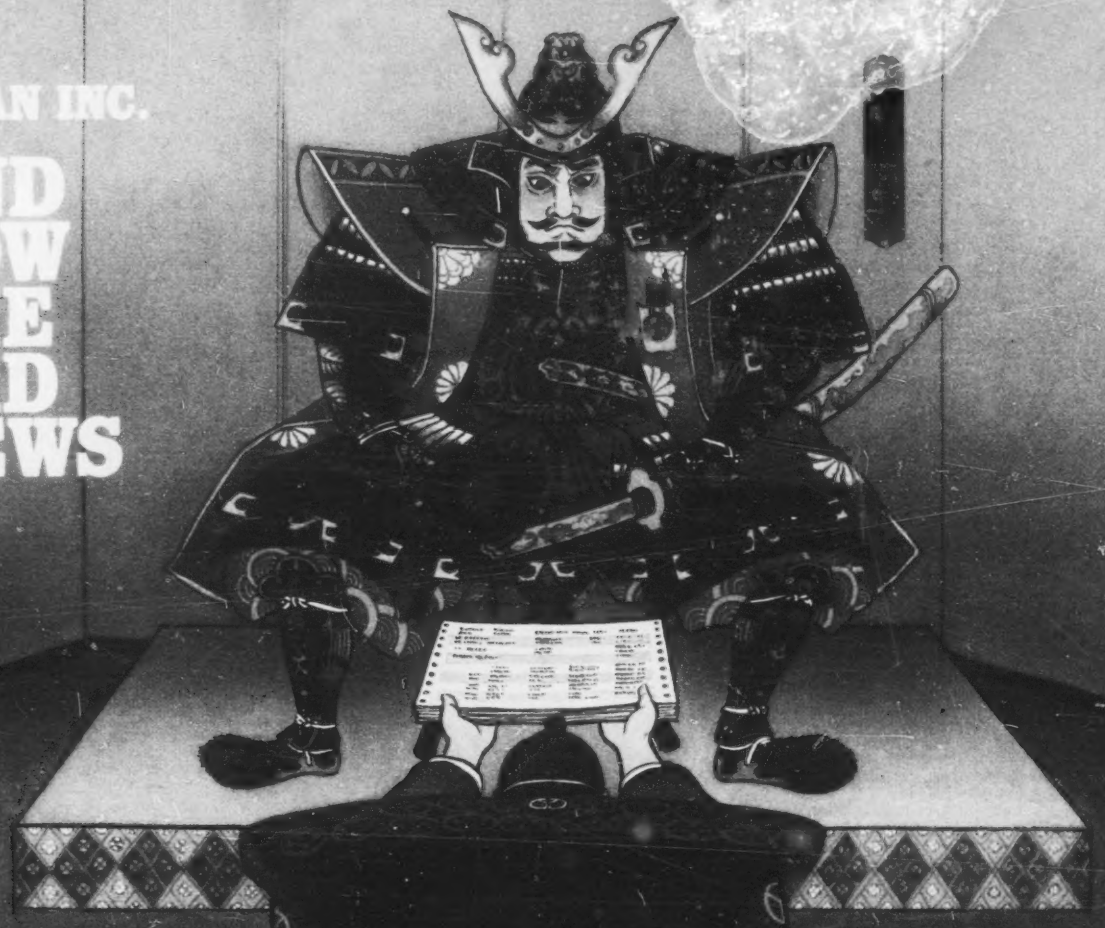
Forbes

JAPAN INC.

AND NOW THE BAD NEWS



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January 31, 1983
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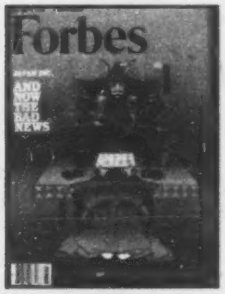

67 *Cover Story: U.S. trade negotiators may be knocking on the wrong door in Japan.*

33 *Companies: The key element in Macy's comeback? It's "per-square-foot" merchandising, says Edward Finkelstein.*

36 *Products: Can you tell the $8,000 Rolex from the $400 knockoff? More to the point, can your best friend tell?*

31 The Market:
"It's Not Like The Old Days"
Indeed not. Time was when a 5-point move in the DJIA was considered substantial. Now, the Dow can rise or fall 30 points in a day—or 15 points in a half-hour. What's going on?

32 The Market:
Common Comes Back
The best part of that alltime record $15.9 billion in new equity offerings last year was the number of big corporations represented. Some household names have rediscovered common stock financing, and that's good both for management and for many (but not all) shareholders.

33 Companies:
R.H. Macy
Just five years ago Macy's was a decidedly mediocre department store chain. Now it ranks at or close to the top in profitability among its peers. But Ed Finkelstein is still running scared.

34 Hawaii:
You Can't Eat Scenery
Trying to protect agriculture against industrial development, the "paradise state" has become a veritable purgatory for business in which both agriculture and industry stagnate.

36 Consumer Products:
Genuine Phonies
Why pay $400 for a $75 watch? Answer: So people will think you're wearing an $8,000 watch. It's evidently a thriving business, which, the "replica" makers say, is harmless, catering to that touch of ostentation in human nature. "Bloodsuckers and parasites," classy watchmakers call the knockoff artists, and they have gone to Congress to try to stop them.

37 Companies:
KLM Royal Dutch Airlines
Back in the 17th century it was the Dutch, not the British, who ruled the waves, presiding over a mighty empire around the world. Now KLM, the sixth-largest international airline, still proudly carries the flag—more profitably than almost all its competitors.

42 The Streetwalker:
Fast Track For Penn Central?
What is Carl Lindner up to? As usual, the canny Cincinnatian isn't talking, but there he sits with 33%. There are some good reasons for it. Also: Barris Industries may be about to be reborn as a schlock conglomerate; Wackenhut Corp., the last big independent detective agency; Newmont Mining—more copper these days than gold.

43 Profiles:
Stuart Moldaw
At 55, he's starting his fourth retailing chain because, he says, "the fun is putting the deal and the people together. Let others run it." Fun, to be sure, but also very profitable. Moldaw, who started out at $45 a week in an Allied Stores training program, is now worth an estimated $40 million.

46 The Up & Comers:
Verbatim Corp.
It's a classic example of how quickly a promising company can outgrow its founders. Moral: An imaginative scientist can be a lousy executive.

48 The Up & Comers:
Pansy Ellen Products, Inc.
It all started, you might say, with Pansy Ellen Essman's first granddaughter. Now the granddaughter is 20, and Essman's little company is thriving.

50 Companies:
Airborne Freight Corp.
Holt Webster can speak at length about what his firm has to offer that Federal Express—which Airborne seems to have copied down to the last detail—doesn't. But he also concedes, "It's very difficult to walk in and say, 'me too.' That really doesn't sell anything." Indeed it doesn't.

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That's what the bankers got from the FASB instead of a life preserver. The Board wants to shorten up on the current 40-year period of amortization of goodwill—the one device that has helped keep a number of ailing institutions afloat.

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6, John Launois/Black Star; 8, UPI; 12, Bettmann Archive; 34, Michael Abramson; 35, Ken Sakamoto/Black Star; 36, Bill Kelly; 38, Joyce Ravid; 42, Brian Wolff; 43, 46, John McDermott; 48, Bill Grimes/Black Star; 50, Doug Wilson/Black Star; 64, 90, Armen Kachaturian; 74, George Nohon/Photo Researchers; 76, Ghislaine Morel/ Liaison; 82, 83 top, Steve Liss/Liaison; 83 bottom, Timothy Fuller; 84 left, Herb Goro; 85 right, Jim Pozarik; 92, 93, 97, Joe McNally/Camera 5

Illustrations:
63, Chas. B. Slackman

Chart: 102, Bob Conrad

Cover:
Kinuko Craft

Forbes (ISSN 0015 6914) is published bi weekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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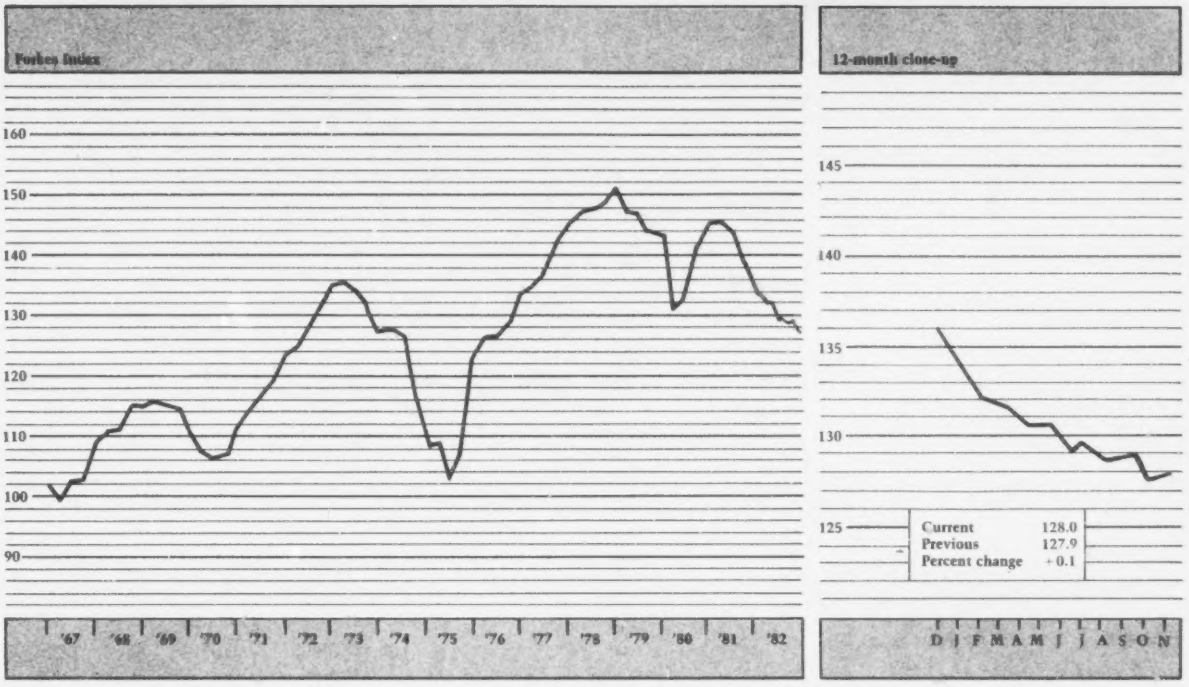
The Forbes Index



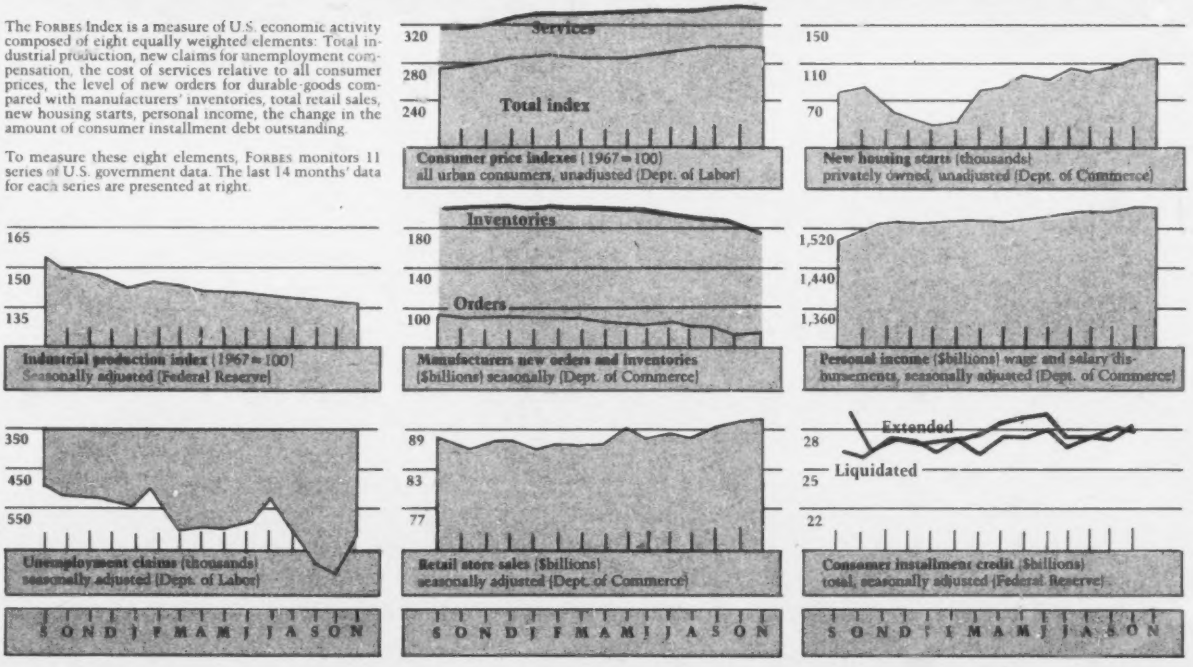
First crocus? The Forbes Index has posted a slight gain, following two declines. Three factors contributed to the turnaround. Unemployment claims dropped 8.7% in November against a 0.6% increase during the previous reporting period. Manufacturers' new orders rose 1.4% in November, compared with a 5% skid a month earlier. The third factor was manufacturers' inventories. A 1.3% decline, following a 0.5% dip in October, pushed inventories down to their lowest level in 1982.

The three factors may be signaling that an economic recovery is in the offing. On the other hand, the Forbes Index has yet to prove that the sawtooth pattern that characterized its movement throughout most of last year will not continue in 1983.

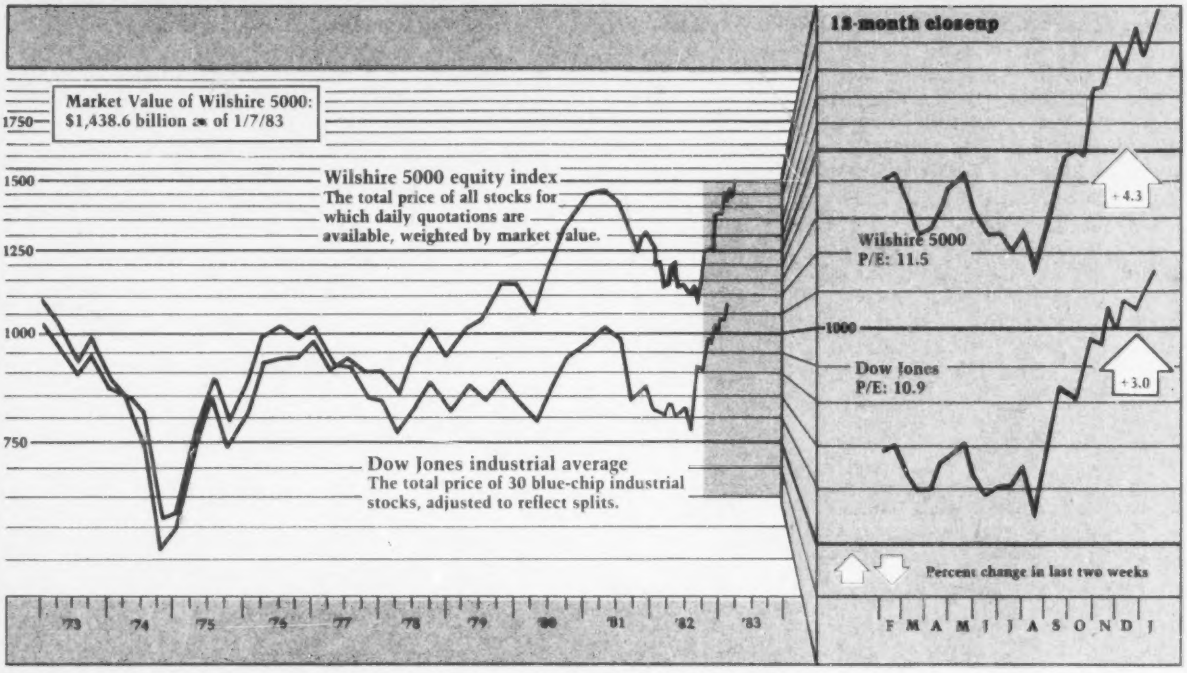
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable-goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review



The bottom moves upward. The rally finally spread to the oils and to heavily depressed cyclicals—metals, resources machinery and chemicals—as investors apparently moved into what they perceived as areas of opportunity. The Dow managed to finish the last two weeks at an alltime high of 1076.07. But this high point marks only a 3% gain for the period. In comparison, the broader-based NYSE index is up 4.1% and the overall market, as measured by the Wilshire index, is up 4.3%. The real star is the Amex, which jumped 9.4% in the last two weeks as money rolled into oil and oil-service issues. Analysts are now ranking oils as their top choice *(see p. 88)*. Could this be the beginning of a fundamental turnaround for the energy stocks?

The yardsticks below point to investor activity on several fronts and further substantiate evidence that the rally is broadly based. Bottom-fishing helped low-P/E and low-priced issues to outperform the market by a significant margin. Another strong area of interest was in high-growth and high-volatility shares, both also considerably stronger than the major market indicators. In contrast, high-yield shares performed about in line with the market—a sign that investors are placing as much faith in stock appreciation as in dividend income.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	4.0	3.8	5.6	4.0	8.4	2.0
in last 52 weeks	19.8	20.2	24.2	20.6	16.6	24.2

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	8.2	3.8	6.8	11.5	4.1	8.1	10.2	3.6	1.9	10.8
in last 52 weeks	46.4	28.8	25.9	63.4	26.3	58.2	54.8	31.4	21.7	42.3

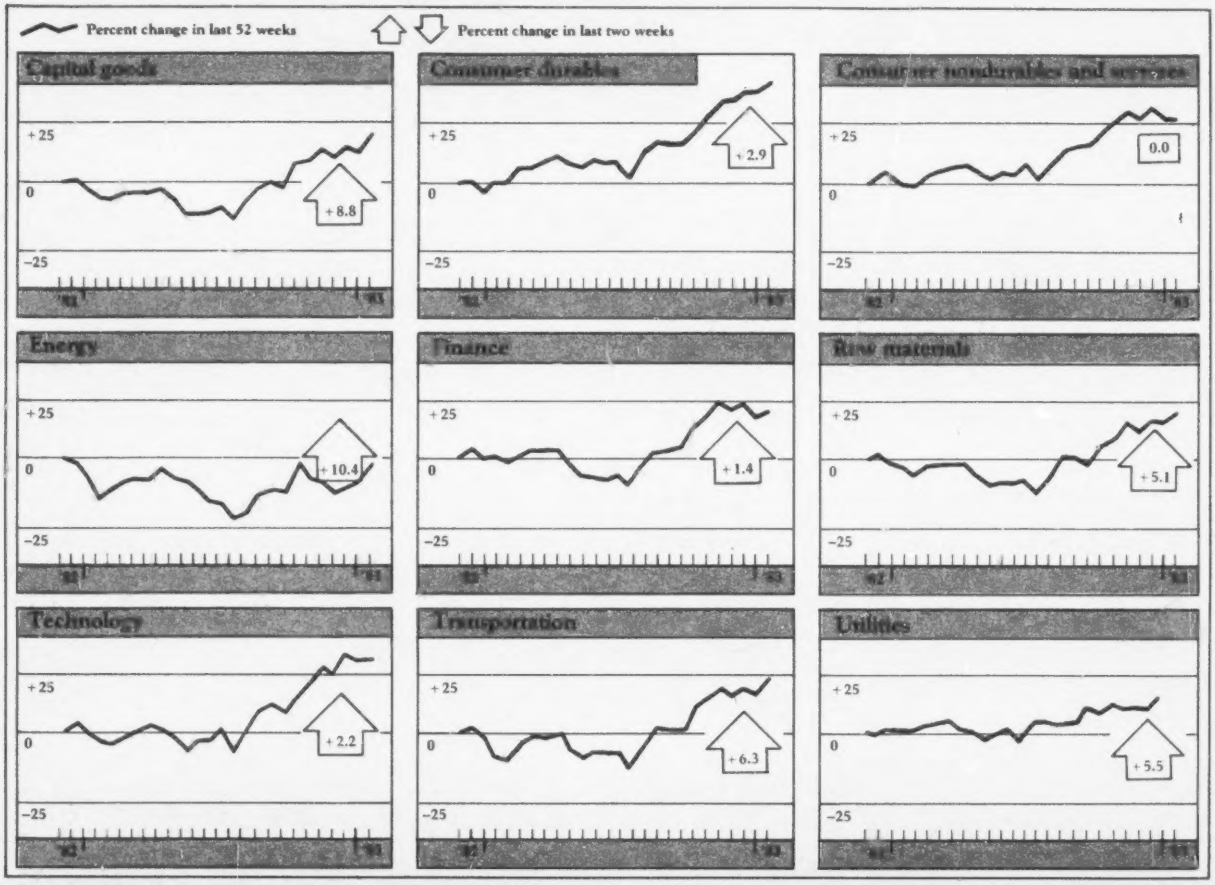
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 1/7/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

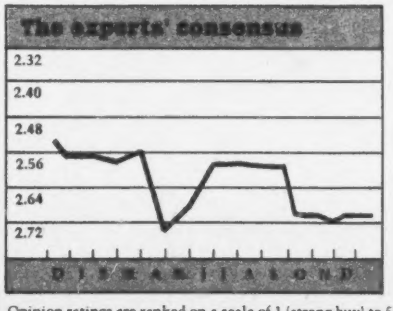
Energy roars back. It was almost inevitable that, if the rally lasted long enough, investors would finally pounce upon the oils and oil-related issues. For the last two weeks the energy sector gained 10.4%. Yes, there is still an oil glut, but the market is presumably looking several months ahead to an economic recovery. If recovery comes, a firming of oil supplies and prices seems likely. This logic also helped raw materials stocks gain 5.1% on our index.

Another sign that The Street is thinking recovery was the strong performance of the capital goods sector, which advanced 8.8%. Even the transportation index was up 6.3%. As some of the airlines lost ground, railroad and trucking issues picked up strength.



What The Analysts Think

Popular again. Since oils began their long decline in the fall of 1980, they have made several unsuccessful attempts to come back. Now analysts are bullish on the energy sector, and energy issues are ranked first. If these high-paid seers are correct this time, we could be witnessing the start of a major recovery.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Energy	2.60	2	2
2	Technology	2.61	1	1
3	Capital goods	2.70	3	3
4	Utilities	2.72	4	4
5	Finance	2.78	6	6
6	Transportation	2.79	5	5
7	Raw materials	2.80	7	7
8	Consumer nondurables	2.82	8	8
9	Consumer durables	3.03	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 1/7/83. Prepared by Wilshire Associates, Santa Monica, Calif.

The bull market has swept up many moneylosing stocks that still have little to show other than promise.

Counting chickens

By Steve Kichen and Paul Bornstein

THE GREAT bull market of late 1982 was not terribly discriminating. There were doublings and even treblings among shares of companies that are currently in the red—the theory being that a pickup would put them back into profitability.

Listed below are 37 stocks with annual sales of $250 million or more, which have appreciated at least 50% since Aug. 16, 1982. All these companies have lost money over the last 12 months. But if the analysts are right, most should be in the black in 1983.

For the analysts' consensus we are indebted to the Institutional Brokers Estimate System (IBES), a service of New York-based brokerage firm Lynch, Jones & Ryan. IBES keeps track of what analysts think and expect. Nevertheless, most of these stocks don't appear to be cheap—at least on 1983 estimates. The IBES estimates show 15 companies selling at a multiple higher than the broadly based Wilshire index of 11. And 6 are not expected to earn money in 1983. Apparently, the market is looking beyond this year.

Cyclical industries—autos, housing and airlines—are well represented. So are S&Ls, prime beneficiaries of lower interest rates. "Every economic recovery is led by consumer cyclicals, particularly the airlines," says Marc Klee, portfolio manager of National Aviation & Technology Fund. Klee thinks airlines are extremely undervalued in spite of their sharp runups. UAL is his favorite.

Autos? "So far the only place the auto recovery has occurred is at the corner of Broad and Wall," says David Healy, an analyst at Drexel Burnham Lambert. Nevertheless, Healy is positive on Detroit for 1983.

A modest recovery in new housing starts has helped building and construction stocks. But Robert Curran of Merrill Lynch has become cautious on some. According to Curran, firms such as U.S. Home and Kaufman & Broad are fully valued. He would wait for a pullback before buying these stocks.

Is the market right about a recovery strong enough to rescue the weak sisters? "Yes," according to John Paulus, chief economist at Morgan Stanley. But if Paulus and those who agree with him turn out to be wrong, the stocks listed on this page could quickly drop back into the tank. ■

Which way next?

If analysts are right about these shares, fine. If they are wrong....

Company	Price: % increase since 8/16/82	Price: Recent	Earnings per share: Latest 12 months	Earnings per share: 1983 estimate	Earnings per share: Most profitable year since 1977
Bird & Son	212%	6¾	$–6.76	$0.38	$ 3.93
Chrysler	136	17⅛	–0.97	3.16	2.07
AM International	125	2¼	–3.98	NA	2.54
Golden West Financial	119	15⅝	–2.54	2.08	1.99
American Motors	115	7	–3.60	0.39	2.24
US Home	107	27⅛	–0.56	1.92	3.32
Gibraltar Financial	100	9½	–3.03	1.64	2.24
Kaufman & Broad	98	12⅞	–0.19	0.94	1.65
Imperial Corp of Am	93	13¼	–4.56	1.22	5.24
UAL	91	31¾	–4.18	2.51	11.93
Great Western Financial	90	26⅛	–3.29	2.59	4.15
Mark Controls	89	13½	–0.25	0.99	1.61
Arrow Electronics	85	18	–0.76	0.59	1.82
Quantronix	83	6⅞	–0.44	NA	0.41
Chicago & N Western Trn	82	22½	–0.12	1.49	3.23
Fruehauf	76	28⅝	–1.83	2.65	7.28
Condec	74	12⅝	–4.58	–0.74	2.87
Eastern Air Lines	70	7⅞	–5.38	–0.33	2.91
Ford Motor	69	38⅝	–6.38	6.25	14.16
National Semiconductor	69	22¾	–0.52	1.83	2.37
AMR	68	23¾	–1.87	2.46	3.36
Trans World	68	27½	–1.49	3.37	4.54
Louisiana Pacific	68	28¾	–0.29	1.51	3.36
Kay Corp	67	13⅜	–1.01	NA	2.10
Republic Airlines	65	7⅝	–1.07	0.74	1.42
Del E Webb	62	10⅛	–0.58	0.55	1.57
Fotomat	62	5¼	–0.21	0.12	1.18
Sam P Wallace	58	4¾	–0.38	NA	1.24
Atlas Cons Mng & Dev	57	2¾	–0.54	–0.20	0.51
Datapoint	57	18⅝	–0.18	0.74	2.45
Certain-teed	57	18	–1.53	1.14	3.68
Florida Steel	56	16¾	–1.83	–0.25	3.37
Delta Air Lines	53	41¾	–0.08	1.81	3.68
Kaiser Steel	52	24	–2.27	–3.00	12.76
Phelps Dodge	52	28½	–3.08	0.41	5.06
Manville	50	11¼	–0.36	0.82	5.62
Evans Products	50	9¾	–1.78	0.00	4.65

NA: Not available.

Sources: Wilshire Associates; Institutional Brokers Estimate System (IBES) of Lynch, Jones & Ryan

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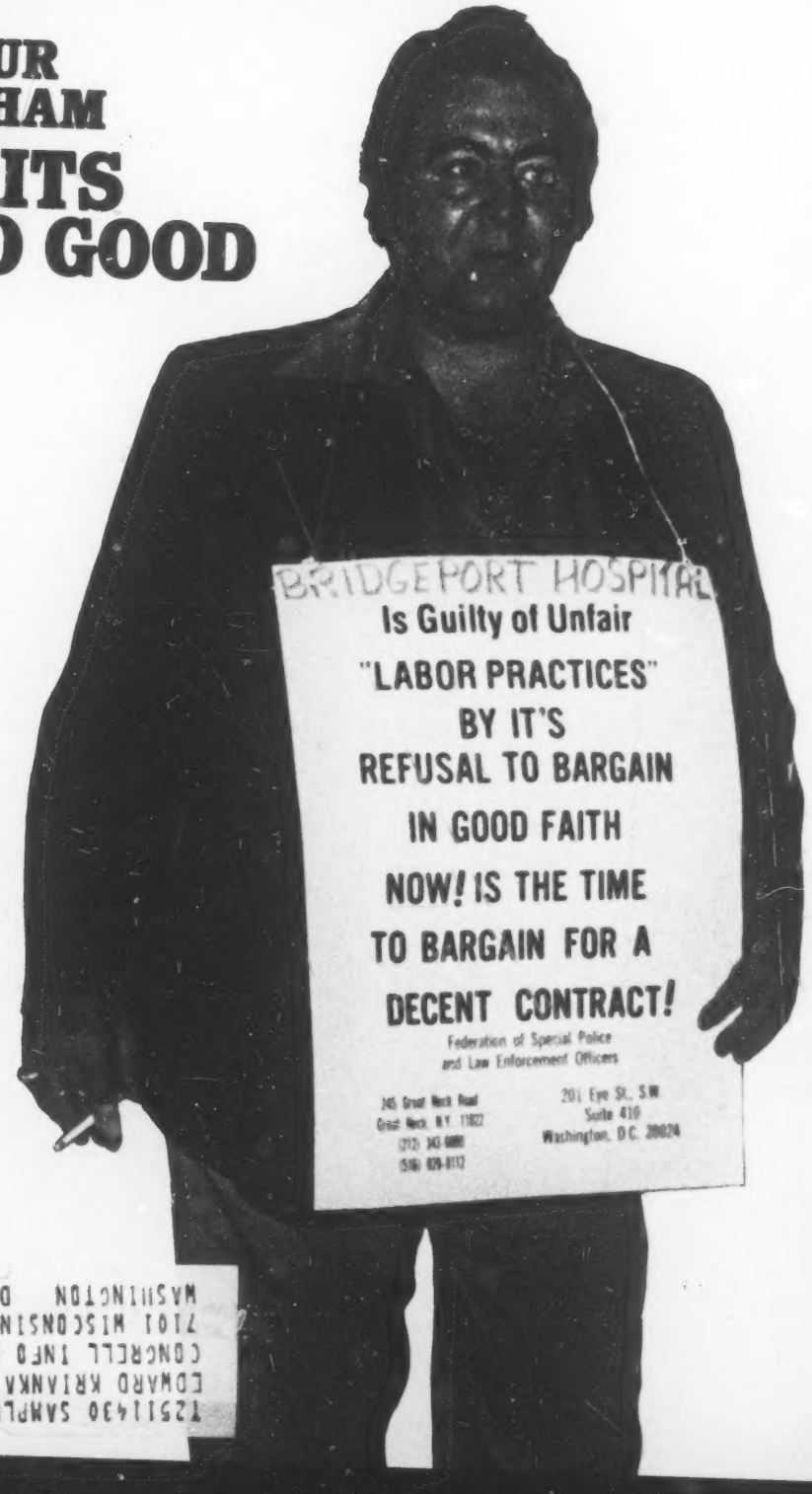
ENTREPRENEUR DAN CUNNINGHAM

THE PROFITS WERE TOO GOOD TO LAST



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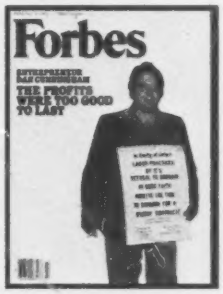
Volume 131,
Number 4



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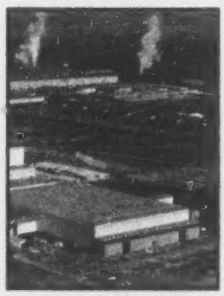

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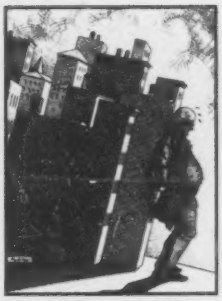

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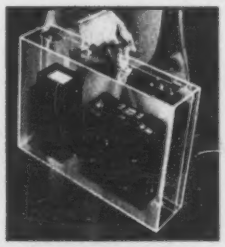

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Illustrations and Charts:
40, 94, 126, Chas. B. Slackman; 42, Gary Halgren; 66, Bob Conrad; 78, Laszlo Kubinyi; 107-111, Alan Reingold; 131, Gil Eisner

Cover Illustration: Ed Binsko

Forbes (ISSN 0015 6914) is published bi-weekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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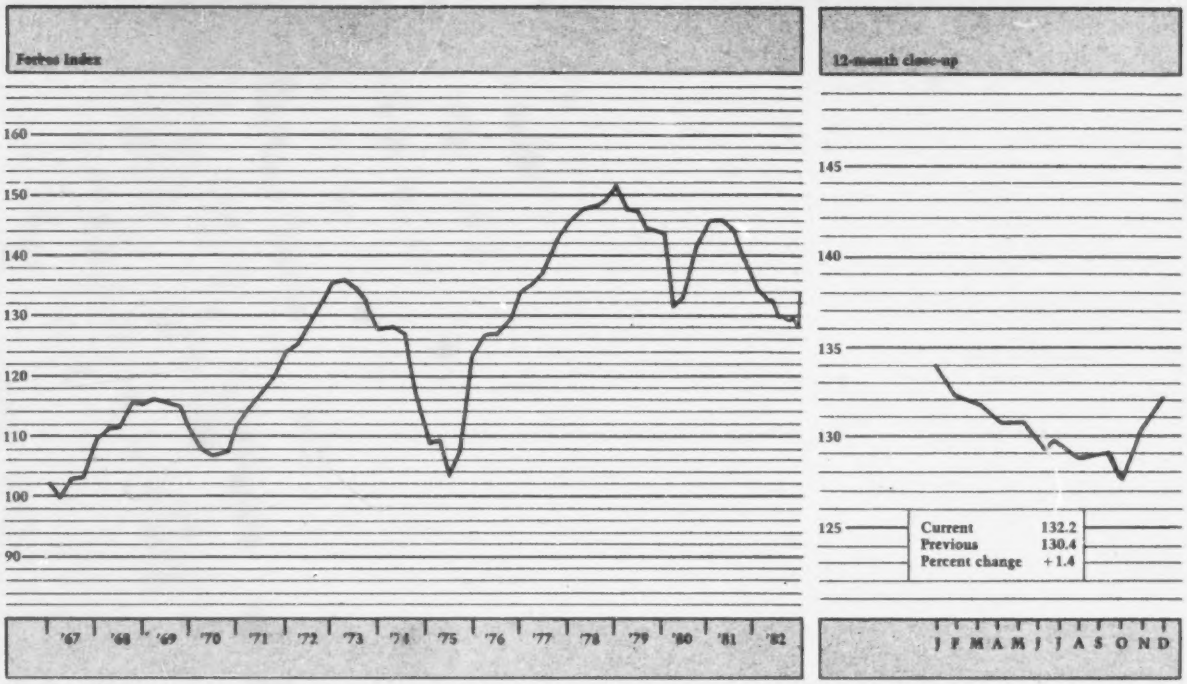
The Forbes Index



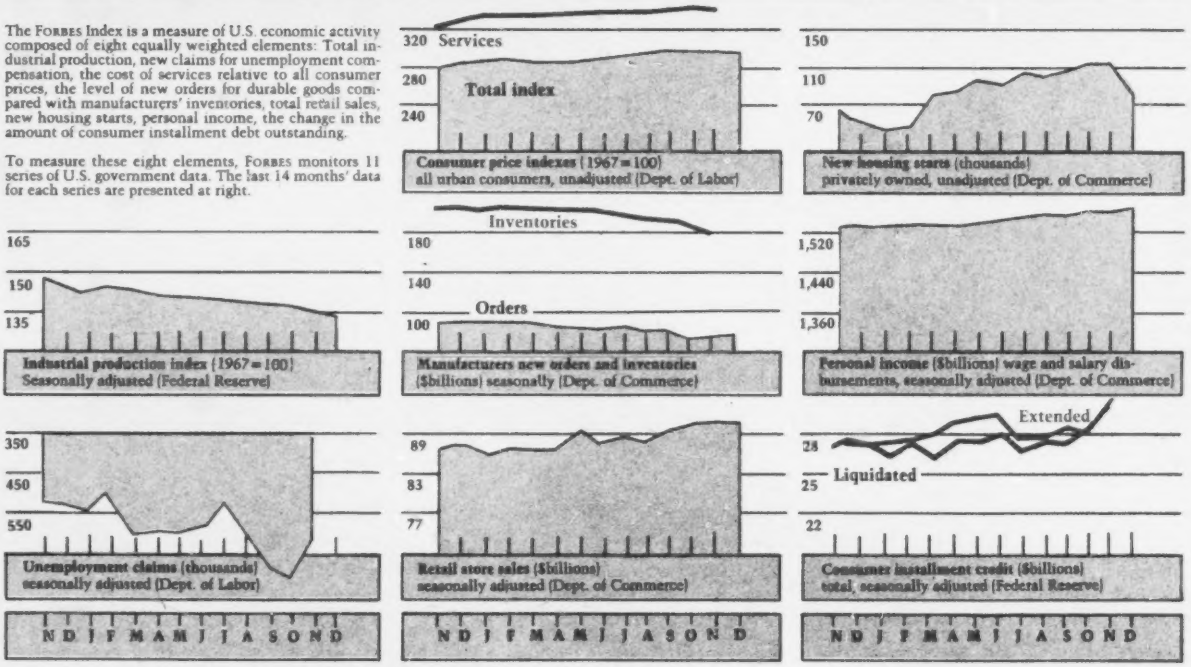
Up she rises. For the second time in a row, the Forbes Index has posted a gain. It rose 1.4% in December, mainly on the strength of a 12% gain in manufacturers' new orders. Personal income also was up, increasing by 1.5%. More good news came from the inflation front with the Consumer Price Index down 0.4% and the service sector index off 0.9%.

On the negative side, retail store sales were down 0.4%. And industrial production kept declining, off 0.1% in December. But the really bad news was new housing starts, which fell 25.5%. That figure is less significant than it first appears, however, since housing starts, so heavily affected by the weather, are considered unreliable as an economic indicator in the winter months. So, excluding housing, the Index may be signaling that an economic recovery is about to begin.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



The salary of the New York Yankees' once-and-future manager has jumped 733% since he began managing 14 years ago. Is he worth it? You could look it up.

Investing in Billyball

By Paul B. Brown

FLASHBACK: IT'S THE FALL of 1968 and the Minnesota Twins—their 79-83 record earning them a seventh-place finish that year—are watching Detroit play St. Louis in the World Series. The phone rings in the clubhouse, and Twins President Calvin Griffith summons minor league manager Billy Martin.

Martin, then 40 and managing the Twins Triple A farm club, knows he's about to be offered his first major-league manager's contract. With an honor like that, it would be vulgar to talk about money. Martin is ready to take whatever Griffith offers.

"How did you do?" a Twins' executive asks afterwards.

"He offered me $35,000," Martin replies. "I would have taken $30,000."

Those were the good old days.

Flash forward 15 years to Yankee Stadium in the Bronx. George Steinbrenner 3rd, principal owner of the New York Yankees, is about to make the announcement that one tabloid sums up as: " 'Liz and Dick' together again." Steinbrenner, to the surprise of few, names Alfred Manuel Martin manager of the New York Yankees. Assuming he lasts until opening day, it will be Martin's seventh job in the past 14 years and the third time he has managed the Yankees.

How did he do this time? A lot better than the first time.

"All I will say is that it is lots of money for lots of years," said Martin at the press conference. FORBES figures that Martin signed a five-year contract. The first three years are worth about $250,000 each, despite press reports that put the figure much higher. The Yankees won't have to ante up the full amount. The Oakland Athletics, paying off Martin's former contract, will put up a little more than $100,000 of that each year. The last two years are tied into a longer-term service contract. The total pact is worth about $1.25 million, with the Yankees paying about $900,000 of it.

Based on Martin's past performance, the Yankees will get a good return on their $900,000. As Casey Stengel would say: "You could look it up." In each full year after Martin has taken over as manager, the record shows, attendance and revenue have climbed *(see chart)*.

Purists will object that such raw numbers are inconclusive. Attendance had to climb in Texas in 1974, they will argue, because the Rangers had the American League's Most Valuable Player in Jeff Burroughs, the Comeback Player of the Year in Ferguson Jenkins and Rookie of the Year Mike Hargrove.

Such arguments should be dismissed. A good way to determine Martin's worth is to look at his results in Minnesota and Oakland. In 1969 the Twins won 97 games and lost 65, finished first in their division and drew 206,000 more fans than they did the year before (when they won 79, lost 83). The only difference between the two years was Martin. So, the Twins' $5,000 investment in Martin—the difference between what he and previous manager Cal Ermer were paid—generated a $613,000 gain.

Martin did it again in Oakland in 1980. "Billy took what in essence was the same club we had in 1979 and turned it around," says Oakland director of press relations Mickey Morabito. The seventh-place (54-108) Athletics, under manager Jim Marshall and owner Charlie Finley, turned into an 83-79 team that finished second. Attendance, just 306,000 in 1979, increased to 842,000. True, Martin added to Oakland's overhead in 1980. He earned about $175,000—$135,000 more than Marshall. But that investment returned about $2.5 million more in revenue.

The Yankees are not unaware of Martin's appeal. Said one official close to the deal, "We should have all the money—Billy's managerial and service contract—made up in advance ticket sales by April." ■

The return on Billyball

No one can say for sure that cause and effect are at work, but the unarguable fact is: Every time Billy Martin takes over a big-league ball club, its revenues rise. Will that hold true during his new five-year contract? No one knows. Martin has never lasted that long.

Club	Season before Martin		Martin's first full year		Difference in dollars
	Ticket sales (millions)	Place finished	Ticket sales (millions)	Place finished	
Minnesota	1.14 (1968)	7	1.35 (1969)	1	$618,000
Detroit	1.50 (1970)	4	1.59 (1971)	2	226,000[a]
Texas	0.69 (1973)	6	1.19 (1974)	2	1,777,000[b]
Yankees	1.29 (1975)	3	2.01 (1976)	1	3,258,000[c]
Oakland	0.31 (1979)	7	0.84 (1980)	2	2,680,000

[a]Does not include an average 5 cents per ticket increase in 1971
[b]Martin managed Texas for 23 games in 1973
[c]Martin managed Yankees for 56 games in 1975; does not include a 50 cents per-ticket increase in 1976

For a change, here's a market Americans are winning back from the Japanese.

Surrender, you're on candid camera

By John R. Dorfman

THE ARREST IN DECEMBER of James Lewis on extortion charges in connection with the Tylenol poisoning case flashed a light on a small but fast-growing market—surveillance cameras. It's a market that U.S. manufacturers started, lost to the Japanese and now are laboring to win back, with some success.

In November the FBI viewed videotapes made at hundreds of retail locations in New York City. One, taped at an undisclosed location, showed Lewis, who was later arrested at the New York Public Library. But law enforcement is only a sliver of the market. The cameras have a slew of applications, from guarding plants and banks to monitoring the blackjack tables in Las Vegas and Atlantic City.

Equipment producers *(see chart)* sell about $200 million of surveillance equipment annually to a network of perhaps 2,500 dealers and installers. They, in turn, charge customers some $400 million a year for the same equipment, installed. Growth is about 15% per year.

Figure on $800 to $1,000 at retail for a single camera connected by cable to a single monitor. Multiply that by the number of cameras you need. You might, perhaps, throw in a switcher so a single monitoring station can look at each location in turn; that costs around $250 to $500. Then you may want a videotape recorder for $5,000 or so. RCA, for example, sells a taping unit that can record up to 300 hours of time-lapse photos, spaced up to 2½ seconds apart. A bank robber can dash across a room in 2½ seconds, so when a teller trips an alarm the machine will switch from time lapse to "real time" and take a movie of your suspect.

In the early 1960s suppliers of these goodies included such American firms as General Electric, Westinghouse and Blonder-Tongue (a private firm now in cable television). But then the Japanese moved in, with large investments, low labor costs and huge production runs. They equaled or surpassed U.S. manufacturers in quality and beat them on price. For a while, Ikegami Electronics was prominent. Riding its coattails was GBC Closed Circuit TV Corp., a New York City-based outfit that distributed Ikegami products. Today the two have split. GBC, which now makes its own cameras, is struggling to stay in the black. Meanwhile, Ikegami, which now sells its own equipment, was eclipsed in price and quality by Panasonic, a unit of Matsushita.

Panasonic held the market leadership in the early 1970s when it and yet another Japanese competitor, Sanyo, had about 50% of the market. Along with very competitive equipment, Panasonic has emphasized service. It markets through only 350 to 400 dealers, says marketing manager Milton Landau, ones who "know how to design systems." So far, it's a depressingly familiar story. But this time American manufacturers are battling back.

Since 1974 Panasonic has had a tough fight on its hands. In 1981 it lost its lead to an American competitor. Who? None other than much-criticized RCA. What's more, RCA, which used to farm out some camera assembly to Taiwan, now makes all its cameras in Lancaster, Penna.

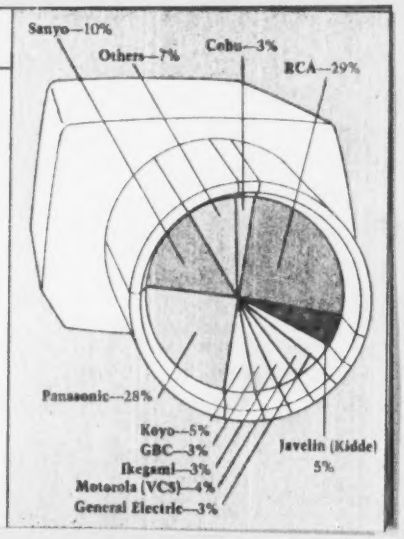
"With integrated circuits and automated manufacturing techniques, we can make them more cheaply here, considering transportation and inventory costs," says Victor Houk, marketing manager for RCA's solid-state systems department. RCA's basic surveillance camera is down from about 240 parts to 146. "Integrated circuits let us reduce the part count tremendously, which reduced labor costs tremendously," says Houk. "We stopped all Taiwan production gradually, ending in 1982. There is definitely a trend, not just with RCA, to bring things back."

How else does RCA compete with the Japanese? Partly through willingness to take custom orders. "The Japanese specialize in long production runs," says Houk. "We are ready to modify a camera for an order as small as 200." RCA's other secret is specializing in high-tech cameras that require almost no light to function. Low-light cameras account for less than one-fifth of unit volume but earn about one-third of dollar volume.

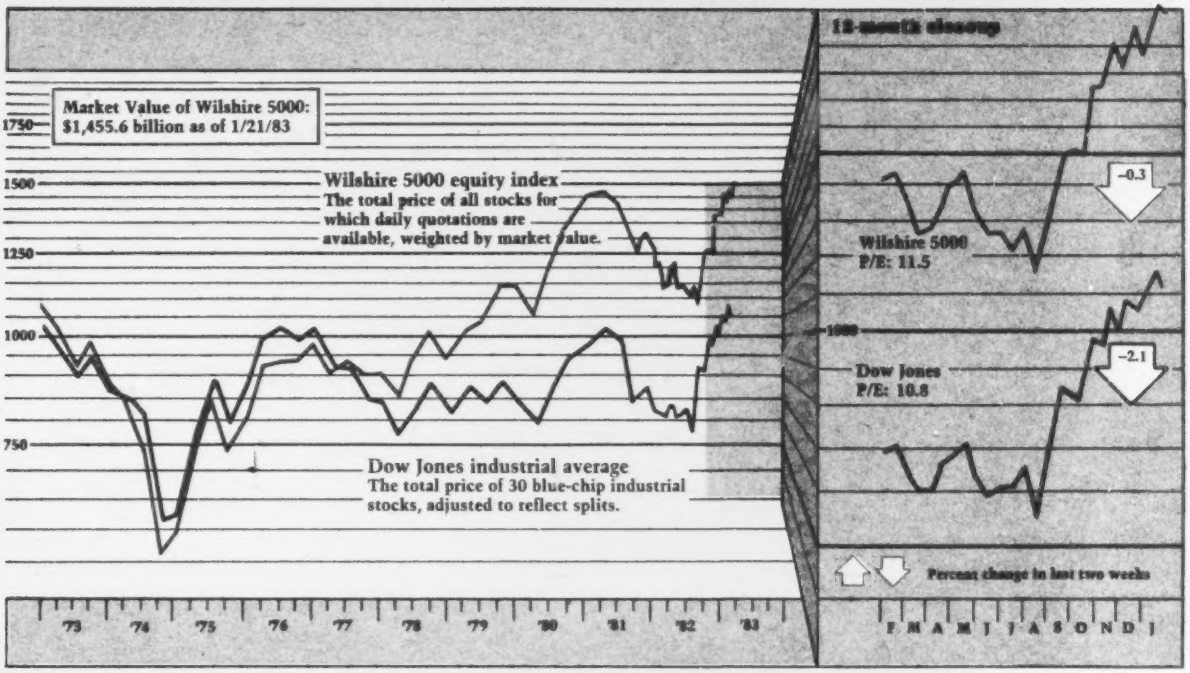
Credit RCA with bringing home a nice chunk of business. More important, is this a straw in the wind? ■

Market snapshot

Americans and Japanese are neck-and-neck in the struggle to control the U.S. market for surveillance equipment. Only an eyelash separates the market shares of top producers RCA and Panasonic.



The Forbes/Wilshire 5000 Review



Cold sweat. The bull rally was too hot not to cool off and, sure enough, on the trading day after the reporting period noted below, the market took a major drop. It remains to be seen whether this is merely the long-expected correction or the start of a major market reversal.

Perhaps the last two weeks were the lull before the storm. During this period, on comparatively low volume, the overall market lost ground despite some rekindling of interest in oils, resources, precious metals and cyclical manufacturers. The broad-based Wilshire index fell 0.3% while the Dow slipped 2.1%. The NYSE and the Forbes 500 also registered minor losses. Yet there was some resistance: The Amex was up 0.9% and the NASDAQ index showed a 2.3% gain; most of the gains can be attributed to strength in energy and technology.

The yardstick data continue to indicate a shift in investor preference toward secondary and growth issues. What with the blue chips and even most of the secondary stocks already registering significant gains and appearing to be fully priced, people are taking their chances on firms that are still showing little, if any, sign of recovery. Low-priced issues, for example, advanced 17.4% and high-volatility shares 15.1% over the last four weeks. Stocks with high five-year growth patterns also outperformed the market.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.9	3.0	0.8	3.5	10.3	5.0
in last 52 weeks	24.3	23.2	24.6	24.6	27.9	31.3

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	15.1	6.7	11.8	16.1	5.9	14.0	21.6	5.4	2.1	17.4
in last 52 weeks	60.6	33.9	38.2	72.0	30.3	70.4	76.9	36.2	26.8	52.5

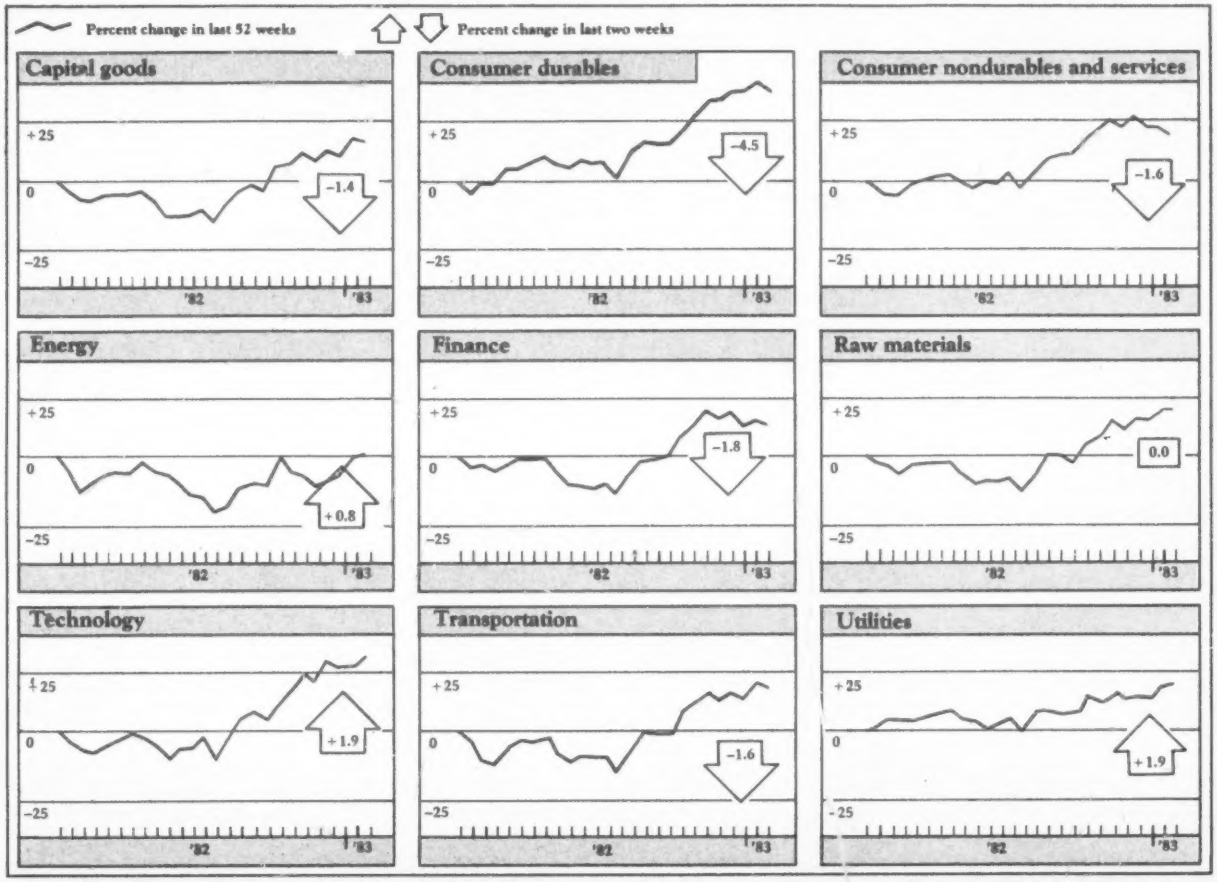
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 1/21/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

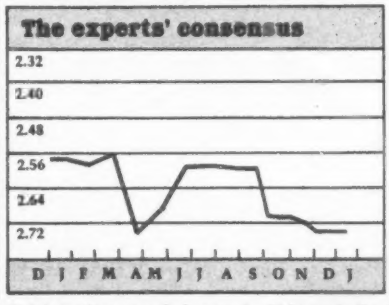
Seems like old times. The individual sectors appear to be reverting to their pre-August 1982 patterns. In the last two weeks, six sectors failed to gain ground. But technology and utility issues both registered 1.9% advances. The high-yielding power companies haven't been at the head of the pack since before the rally started. While energy shares were strong over the last month and show a hefty 11.3% advance, they weakened toward the end of this period. For the most recent two weeks, energy is up only 0.8%.

Investors apparently backed out of auto stocks; the consumer durables sector scored a 4.5% loss. Weak retail figures from December helped pull down consumer nondurables by 1.6%. And a loss of enthusiasm over major bank stocks brought the finance group down 1.8%.



What The Analysts Think

Standing by their guns. Despite the failure of oil stocks to follow through with gains as large as those recorded earlier in the year, analysts are still most optimistic about the energy shares. Note, however, that defensive utilities have quietly moved back from fourth place to third. Meanwhile, overall opinion has not budged in weeks.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Energy	2.61	1	2
2	Technology	2.62	2	1
3	Utilities	2.69	4	4
4	Capital goods	2.71	3	3
5	Finance	2.77	5	6
6	Transportation	2.79	6	5
7	Raw materials	2.81	7	7
8	Consumer nondurables	2.83	8	8
9	Consumer durables	3.01	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 1/21/83. Prepared by Wilshire Associates, Santa Monica, Calif.

The bull is barely out of the pen, but a number of stocks are already being priced like the skyrockets of the late 1960s.

Highflyers already

As a group, the 23 out of the 30 Dow stocks that are making money recently sold at a price/earnings ratio of just under 11. However, some stocks have already been driven up by the rising market to really dizzying heights. The following table lists 35 companies that lately were at a minimum of 31 times the most recent 12-month reported earnings. The priciest has a truly stratospheric 86 P/E. As a group they average more than 41.

There is something going on here besides merely placing a bet on a recovery by recession-depressed earnings. A quick look at what these companies do confirms the impression that, in some quarters, the "go-go" psychology is beginning to reawaken. Small computer firms, electronics outfits and telecommunications companies heavily predominate. Does this sound familiar?

But notice also that there are housing-related stocks—such as Champion Home Builders and Pulte Home—on the list. This classically cyclical industry has lately been given quite a whirl on Wall Street. In addition, the three retail firms that appear on our table—Hechinger, Home Depot and Lowe's Cos.—cater to the home-improvement market.

Compared with highest reported earnings in 1980 or 1981, "low-priced" electronics firm AVX weighs in at 12.8 times 1980 earnings. The next lowest, engineering services and research firm Bolt, Beranek & Newman, weighs in at 23.

Now try 1983 estimated earnings. Only four of them are selling below 20, while five are selling for more than 30 times what analysts estimate they will earn in 1983, according to figures supplied by Institutional Brokers Estimate System (IBES). (Estimates for three were unavailable.)

On the low end, AVX is selling at 16.5 times estimated 1983 earnings

Shooting for the stars

With the Wilshire index selling at less than 12 times earnings, these highflyers are priced at a considerable premium above the rest of the market. Watch out if the recovery is late or there is a major market correction.

Company/*business*	Recent price	P/E	Earnings per share 1980	1981	latest 12 months	1983 estimate	Book value/ share
Analog Devices/*electronics*	29¼	36	$0.88	$0.40	$0.82	$1.17	$6.29
Anderson Jacobson/*computer equipment*	23¾	53	0.70	0.36	0.45	NA	5.97
Avantek/*electronics*	22¼	39	0.43	0.55	0.57	0.86	3.57
AVX/*electronics*	22⅝	35	1.76	−0.60	0.65	1.37	13.52
Bolt Beranek & Newman/*rsrch, engineering svs*	31⅝	33	1.37	0.44	0.97	1.50	11.17
Champion Home Builders/*manufactured housing*	5¾	48	−0.05	0.10	0.12	0.23	0.99
Communications Inds/*telecommunications*	32¾	32	0.68	0.97	1.02	1.31	2.73
Computer Consoles/*computer equipment*	40¼	33	0.96	1.12	1.21	1.80	6.28
Cordis/*health care supplies*	47	34	1.10	−3.25	1.37	2.72	20.09
Cray Research/*computer equipment*	39½	37	0.85	1.32	1.08	1.87	6.95
Dysan/*computer equipment*	17⅝	32	0.74	0.38	0.55	0.87	1.47
Fay's Drug/*drugstores*	13¼	32	0.17	0.54	0.41	1.02	3.35
GenRad/*electronics*	34⅝	62	1.39	−0.23	0.56	1.67	9.55
Hechinger/*retail*	35¼	31	0.82	0.94	1.14	1.48	4.36
Home Depot/*retail*	29¼	70	0.05	0.12	0.42	1.07	0.35
Intergraph/*computer equipment*	53¾	64	0.50	0.75	0.84	1.68	4.38
Kinder-Care Learning Ctrs/*day-care centers*	22	30	0.55	0.56	0.73	1.07	3.43
Liebert/*computer center control sys*	30¼	34	0.38	0.65	0.88	1.20	3.64
Lowe's Cos/*retail*	35⅜	31	0.97	0.91	1.15	1.86	6.06
Managemt Science of Amer/*computer software*	23¾	58	0.27	0.42	0.41	0.72	2.73

NA: Not available.

Sources: Wilshire Associates; Standard & Poor's; Institutional Brokers Estimate System (IBES) of Lynch, Jones & Ryan.

Shooting for the stars

Company/*business*	Recent price	P/E	Earnings per share 1980	1981	latest 12 months	1983 estimate	Book value/ share
Marion Labs/*ethical drugs*	49⅜	45	$0.93	$0.90	$1.09	$1.47	$9.91
NBI/*computer equipment*	41⅜	33	0.47	0.81	1.25	1.59	8.00
Pulte Home/*building*	43⅛	38	0.94	0.75	1.14	2.52	5.82
Quality Care/*health care services*	7¾	86	−1.07	−0.38	0.09	NA	neg
Rouse Co/*real estate*	26¾	46	0.29	0.37	0.58	0.65	4.09
Sensormatic Electronics/*theft-control devices*	42½	36	0.47	0.72	1.19	1.85	2.78
Shared Medical Sys/*health care computer sys*	52¼	32	1.10	1.37	1.65	2.12	5.35
Skyline Corp/*manufactured housing*	24⅝	42	0.54	0.60	0.58	1.26	10.17
Tandem Computers/*computer equipment*	25⅞	34	0.35	0.72	0.76	1.15	5.63
Tandon/*computer equipment*	32¼	44	0.12	0.26	0.73	1.22	0.84
Tele-Communications/*CATV, cable TV*	26¾	48	0.34	0.48	0.56	0.42	8.95
TIE Communications/*telecommunications equip*	40⅝	37	0.36	0.86	1.09	NA	3.40
Wal-Mart Stores/*retail*	47	31	0.87	1.25	1.53	2.32	4.99
Wang Labs*/*computer equipment*	33½	36	1.00	1.36	0.93	1.17	4.13
Winnebago Inds/*recreational vehicles*	13⅜	37	−0.54	0.19	0.36	0.58	2.83

*Class B. NA: Not available. neg: Negative.

Sources: Wilshire Associates, Standard & Poor's, Institutional Brokers Estimate System (IBES) of Lynch, Jones & Ryan.

and Pulte Home, at 17.1. In contrast, Tele-Communications has an estimated multiple of 63.7.

There's no doubt that excellent earnings growth deserves a premium in the marketplace, and some of these stocks have had results that look genuinely spectacular. The question is: what price?

To justify prices like these, you have to look past 1983 to projected earnings for 1984, 1985 and beyond. Sometimes, far beyond.

What does it all mean? The reappearance of such multiples on stocks like these suggests that the first, glorious, easy phase of an up market, when you could buy almost anything and get a good ride, may be drawing to a close. A solid economic recovery, once it appears, may justify further general rises in stock prices, even over a couple of years, as did past recoveries. But for an investor who wants to get on the bandwagon now, the time is clearly at hand when he would be well advised to look at the stock's price and relate it to the company's near-term prospects, not just The Street's optimism. ■

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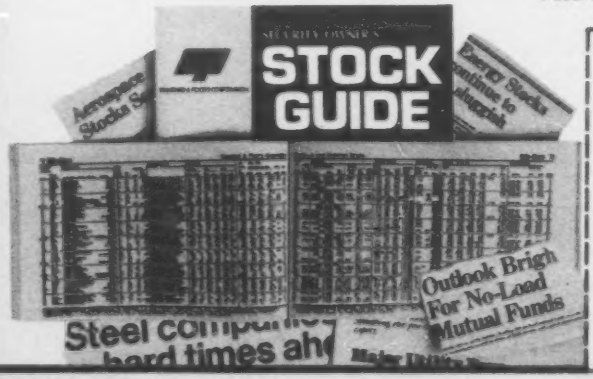

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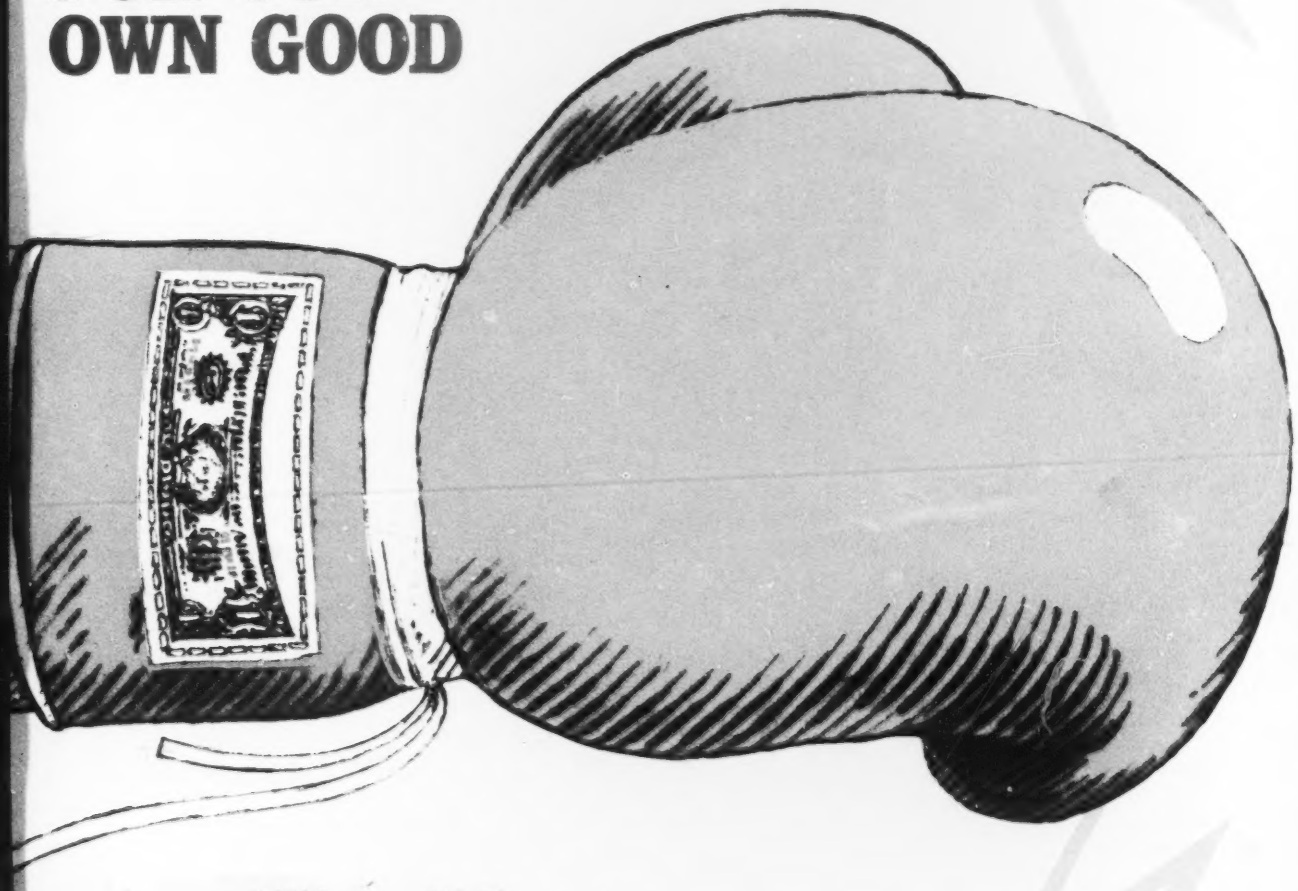

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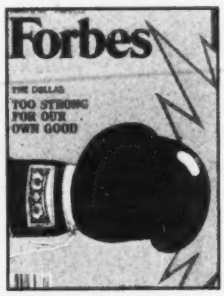

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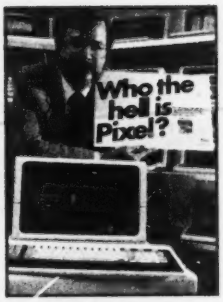

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Illustrations:
33, Phil Huling; 35, 36-37, 43, 46, 88, Chas. B. Slackman; 52, 78, Jeff Danziger

Charts:
93, Bob Conrad

Cover Illustration: Chas. B. Slackman

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1983 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

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Follow-Through

Prices and paychecks

In mid-1979, when the inflation rate had climbed to an ominous 9%, FORBES drew up a table that traced what that single-digit rate would do to the cost of living *(June 11, 1979)*. A one-family house, for example, would go from $68,300 to $158,748 in ten years. Actually, during that year inflation climbed even higher, to an appalling 13.3%, which would have increased the price of that same house to more than $238,000 by 1989. At 13.3% an everyday expense like the monthly electric bill would have gone from $30 to $105 in ten years.

That brings into sharp focus what has been achieved in the last two years by forcing inflation down to less than 4%. At that rate, the cost of a new Chevrolet, calculated at about $8,400 today, is still expected to climb to almost $11,000 by 1989. But that's a far cry from the $20,300 sticker price the same Chevrolet would have reached at 1979's 13.3%. A production worker making $14,000 in 1979 would have to be earning close to $49,000 to keep even with 13.3% inflation. Today, when that same worker is averaging about $17,200 a year, the weekly pay envelope, even at 3.9% inflation, would have to swell to almost $22,500 to stay in step in 1989.

The price of inflation

Items	1979	Ten years compounded at 13.3% rate 1989	1982	Seven years compounded at 3.9% rate 1989
Production worker's salary	$14,006	$48,822	$17,194	$22,474
Monthly electric bill	30	105	47	61
Man's wool suit	238	830	330	431
Chevrolet Impala 4-door	5,828	20,315	8,378	10,951
One-family house	68,300	238,077	80,400	105,090
Auto insurance premium	250	871	321	420
Annual college costs*	2,230	7,773	2,811	3,674

*For state resident.

Sources: Edison Electric Institute, Bureau of Labor Statistics, Hart, Schaffner & Marx, GM, National Association of Realtors, State Farm, American Association of State Colleges & Universities.

The mini-mogul

"We're not the biggest-grossing independent production and distribution company, but we are the most profitable," Roger Corman, president of New World Pictures, boasted to FORBES 14 months ago *(Dec. 21, 1981)*. In 29 years Corman had produced or directed more than 200 films with such drive-in titles as *Eat My Dust*, *Battle Beyond the Stars* and *Masque of the Red Death*. With a salary of more than $1 million a year, Corman at 56 was on top of the world. Then, this month, he sold the whole works.

Why? "I had to gamble more and more of my own money to get the same profits," he says. (Corman has consistently financed his movies out of cash flow.) Last year New World made 12 pictures for about $2 million each and made 30% on each of them. Not as good as a few years ago but better than the big studios' returns. With the majors raising their budgets to the stars, Corman would have to do the same to compete for playing time. "We just had to become bigger to do well against the majors," he says.

While Corman mulled bringing in outside investors, he was approached by three Los Angeles entertainment lawyers who also happened to be producers—Harry Evans Sloan, Larry Thompson and Lawrence Kuppin—with a $16.5 million deal.

Producer-director Roger Corman
Profits speak louder than titles.

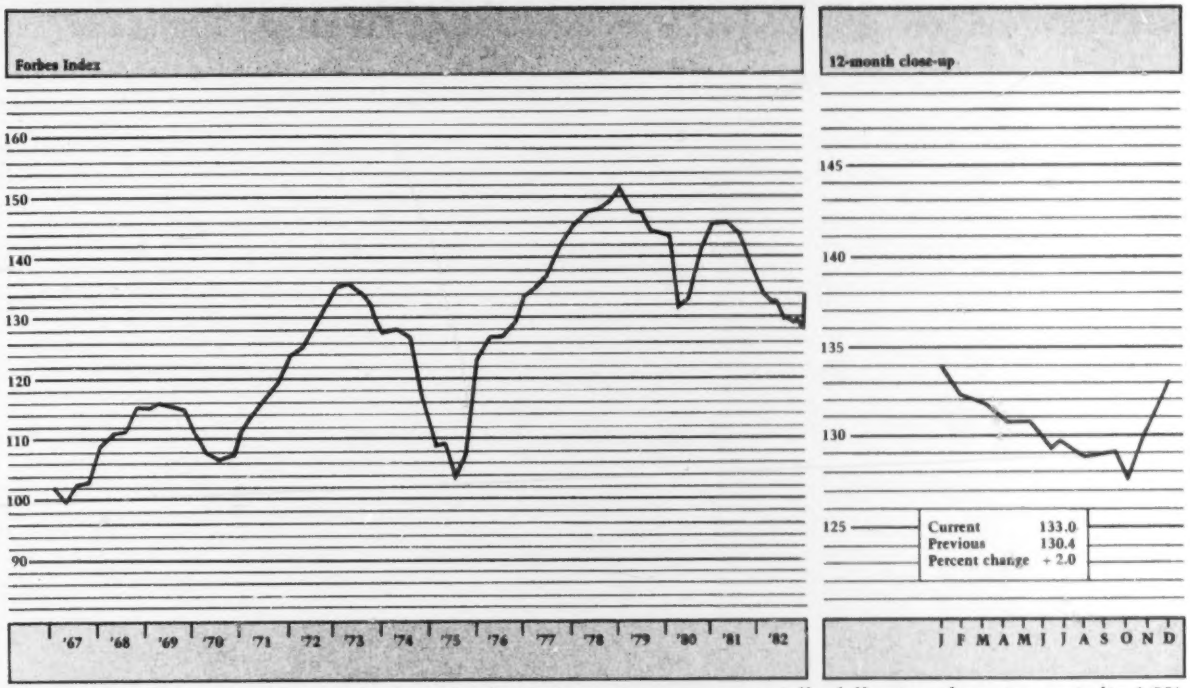
For their money the legal trio will get the name, New World, a 110-title film library and, most important, Corman's distribution company. With 12 branches across the U.S. and Canada, New World has built a market for itself for both independent and fine foreign films. (Corman started with Ingmar Bergman's *Cries and Whispers* in 1973.) "There aren't really any distribution companies that are receptacles for good independent product," Thompson says. He and his partners are betting that New World will fill that void. "We should get the cream of the independent producer," Sloan says. The new owners plan to keep making the same "exploitation films" that New World is known for. The only change will be in the budgets, which will rise to the area of $3 million to $6 million. (Corman's first success, *Monster From the Ocean Floor*, cost $18,000.)

Corman has a two-year contract with the new buyers. The first year he will produce exclusively for New World; the second, he will act as a consultant. "We are also buying Roger's experience and credibility in the marketplace," Kuppin says. Corman may not be famous for great films, but he does make money, no mean feat in today's movie business.

The sound of bugles

A year ago, Texas Instruments' earnings were down 49% and the stock was trading at 79, 9 times 1980 earnings (FORBES, *Mar. 15, 1982*). A cyclical slump in semiconductors, TI's mainstay, was hurting all electronics companies, but the blame fell mainly on the Dallas firm's consumer products. It had just scrapped digital watches after losing millions; its home computer was selling poorly. Competitors and press were slamming TI's marketing ("inept") and its whole management style ("militaristic," "constipated"). "Is it truly time to hang crepe," FORBES asked, "or will the bugles

The Forbes Index



Green light. This is the third gain in a row for the Forbes Index, and it's a strong 2% this time. That's a bullish sign, suggesting a recovery is in the offing or may already have begun. The index hasn't behaved like this since August 1980, when it posted six consecutive gains.

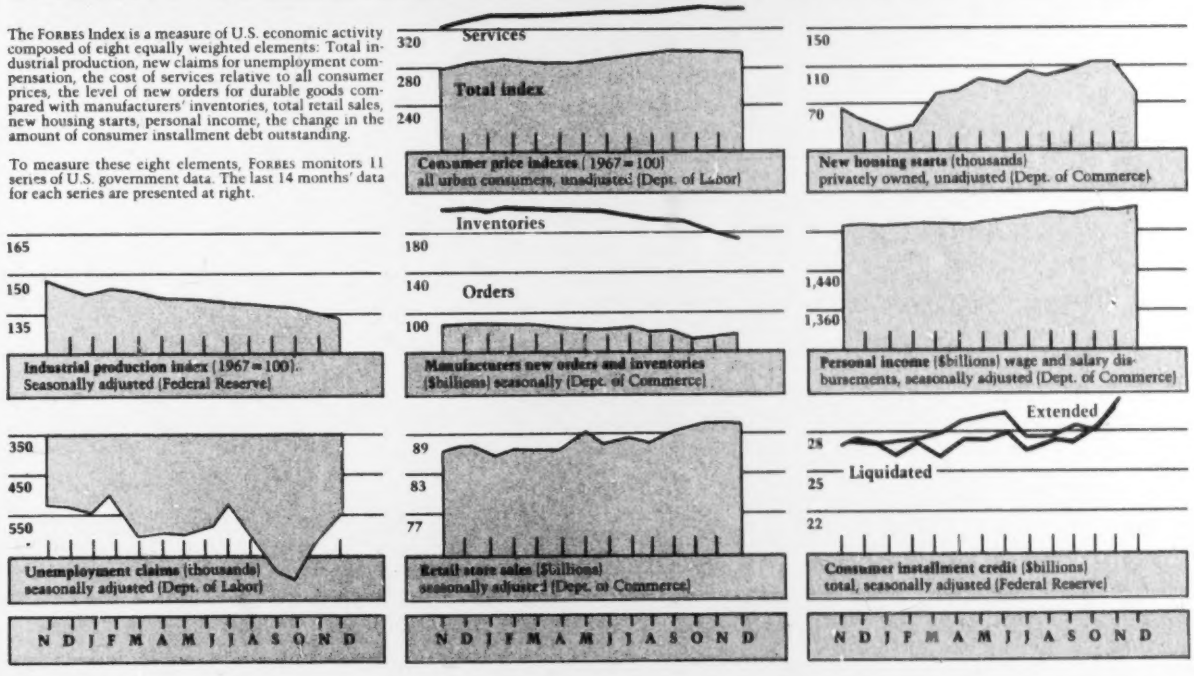
Examine the components of the Index a bit more closely and the picture looks even brighter. The 11.4% drop in unemployment claims in December was the most positive news, especially following the prior period's 8.9% drop. The continuing drop in manufacturers' inventories of 0.9% was equally encouraging.

On balance, what these tea leaves suggest is a much stronger upturn than most economists expect. GNP growth in the first quarter could exceed an annual rate of 5%. And if interest rates stay down, the recovery will last well into 1983.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



The investment performance of most bank trust departments has been legendary—legendarily bad. But that seems to be changing at last.

Bubbling backwater

By John R. Dorfman

COULD IT possibly be that bank trust departments are becoming first-rate money managers? Last year the median investment return of bank trust departments (24.6%) topped that of independent investment counselors (23.5%) for the second year in a row. That hasn't happened since 1975.

Wall Street was astounded when it saw those numbers, published by A.G. Becker. This must be an entirely new breed of bank trust officer. For decades, bank trust departments had been outperformed by mutual funds, insurance companies and independent investment counselors. And for years, no one much cared.

Howard Scribner, a vice president with Chase Investors Management Corp. (the investment arm of Chase Manhattan) remembers how it was: "In the Forties and Fifties we bought stocks and didn't do much with them. No one was comparing performance very much."

But comparisons, in recent years, became the order of the day. And it became very clear that the trust departments had plenty to be modest about. Their ten-year average compound investment return of 6.7% through 1981 trailed by a wide margin that of insurance companies (8.5%) and independent investment counseling firms (8.4%).

Trust department scorecard

There's been a lot of variation in the investment performance of bank trust departments. Listed here are banks with the largest U.S. trust operations (excluding money fund management) plus U.S. Trust Co. of New York, which gets a large proportion of its revenues from trusts.

Bank	Trust assets ($billions)	Equity fund 1-yr return	Equity fund 5-yr return	Fixed-income fund 1-yr return	Fixed-income fund 5-yr return
JP Morgan	$35.2	7.8%*	9.3%*	28.6%*	6.7%*
Citicorp	19.8	10.6	12.4	41.5	6.5
Bankers Trust	19.5	10.5	12.1	32.7	6.8
Mfrs Hanover	17.9	7.5	12.8	33.2	9.4
Chase Manhattan	12.5	12.8	12.3	NA	NA
Continental Illinois	12.5	13.5	12.1	28.7	4.6
Mellon Natl	12.4	5.9	7.0	16.8	2.1
Harris Bankcorp	11.6	11.0	10.0	36.2	4.8
Northern Trust	10.8	13.6	12.2	34.9	6.0
BankAmerica	10.1	–6.4	5.2	30.9	4.8
US Trust Co of NY	9.2	5.9	8.7	19.8	9.9
Average bank	—	11.8	11.1	30.5	6.5
S&P's 500	—	10.0	10.4	—	—
Lehman Brothers bond index	—	—	—	33.5	6.7

Note: Asset totals are as of Jan. 1, 1982. Performance figures are to Sept. 30, 1982.
*Composite of three accounts.

Source: Pensions & Investment Performance Evaluation Report.

Unable to hide that kind of darkness under a bushel, bank trust departments have been steadily losing business to competitors. Erosion was particularly dramatic in management of pension fund accounts—a disastrous loss because pension fund activity is the fast-growing end of the trust business. Roy Schotland, who teaches law at Georgetown University and is a longtime student and critic of the bank trust departments, calculates that banks' market share has fallen from 50% of pension fund assets in 1968 to 34% recently.

What was the matter with the banks? Money and bureaucracy. Not enough money; too much bureaucracy. While Wall Street offered investment managers fat salaries and big bonuses, banks were paying salaries based on the modest standards of the banking industry. "We were a perennial training ground for Wall Street," says Scribner. "To have good people you have to have good salaries."

Alarmed by the loss of business, Chase began treating its investment management section as a separate business about ten years ago so it could offer both base salaries that are competitive with Wall Street and generous bonuses of up to 100% of salary for contributing to superior portfolio performance.

Equally important, says Stephen Canter, president of Chase Investors, is having a lean, streamlined staff, with plenty of autonomy for the individual "players," as Canter likes to call them. "Years ago this operation had 120 people," he says. "Who knows what they all did? Today we have about 60, and 30 of them are mid-career hires we brought in during the last five years."

Other money center banks have followed suit. In 1977 Citibank put its investment unit under the direction of Peter Vermilye, formerly of Alliance Capital. The same year, Manufacturers Hanover Trust put Joseph McElroy in charge of its trust division, and he promptly hired Victor Melone from Prudential to head the investment sector. Manny Hanny has taken some steps to use incentive pay, and is contemplating more.

The latest to join the trend is Bankers Trust Co., which announced a series of organizational changes last month. H. Kent Atkins, who heads the new Investment Management Group, sees a growing tendency toward incentive payment in the banking world, and not just in trust departments. "Quasi-ownership," he

calls it. "If we become more profitable," says Atkins, "we are all going to share in that profitability."

New York-based Cates Consulting Analysts studied trust department compensation at 89 banks. At medium-to-large banks the department head received an average $80,000 in salary. Another 68% got bonuses, with a median bonus of $17,000. The senior investment officer's average salary was $62,000. Only 58% received bonuses, the median being $10,000.

Comparatively modest as those figures are, they do reflect a trend to hire more highly qualified people and pay them more when they produce. The recent sharply improved results suggest that the medicine may be starting to take effect. If the banks keep it up, they may even be able to rebuild their diminished market share.

A novel cure. Some might call it capitalism. ■

In the cash-starved airline industry, a regulatory loophole worth $3 billion is beginning to look like a loaded gun.

Hardball

By Michael Cieply

EVER GET THE FEELING that competition in the airline industry is becoming a bar fight on the bad side of town? This tale will do little to reassure you.

The trouble begins with an unfortunate practice that airline insiders call "plating away." According to the Air Traffic Conference, when Braniff was on the ropes last spring, many travel agents who still booked Braniff validated—or "plated"—Braniff's tickets on carriers that weren't involved in the travel. That is, cash went first, not to Braniff, but to another airline.

Motivation was simple. The cash-receiving plated carrier, which later dispersed the receipts to Braniff, was responsible in the meantime for refunds in case of default. Ticketholders were spared the pain of filing claims under Chapter 11. But that very break in cash flow helped scuttle Braniff. Moreover, the practice violated ATC rules, which allowed validation on as many as 150 different carriers, but only if it were not possible to plate on Braniff.

No agent was ever disciplined for plating away. Tougher enforcement was clearly in order. Instead, the carrier-controlled conference—perhaps loath to offend agents—simply drafted a new rule. As of Dec. 22, 1982, an amendment to ATC Resolution 5.94, which was approved by the CAB, has required the 80% of travel agents using computerized reservations systems to plate on a carrier listed on the itinerary. But, in the precise wording of the resolution, "the servicing carrier may name itself as the ticketing carrier, even though it is not scheduled to participate in the transportation."

Mull that over for a moment. The "servicing carrier" is the owner of the automated reservations system, which, in four of five cases, is American or United. Last year an estimated $18 billion in airline revenues, nearly half the industry total, were sold through American's Sabre and United's Apollo systems, with almost $16 billion belonging to other carriers. It's a commonplace that computer bias helps the host to boost market share. But what's to stop a host from self-plating at will, thus tapping $55 million a day in float for the four-to-ten-week ticket settlement period, while denying that cash to weaker competitors? Perhaps significantly, American rewrote its Sabre protocols on Jan. 13 to tell travel agents that they may, if they choose, simply plate all tickets on the host—American Airlines.

The potential in 5.94 for servicing carriers is as much as $3 billion, with 80% going to American and United. Cost to the airlines financing that float would come to $360 million a year in new interest expense.

Shuddering at such implications, loss-ridden Continental on Jan. 28 submitted an amendment for mail vote to 30 ATC carrier-members. Quick enough to slam the loophole shut? Guess again. Under the ATC's unanimity rule, one "no" vote kills Continental's proposal. United has already decided to say "nay."

"We're trying to put ourselves in the best possible position," says United's marketing vice president John Zeeman. "I won't duck the question. We're going to do everything we can to make sure we have flexibility."

Flexibility to play with competitors' receipts might seem sweet to Zeeman, who likes to assert: "We think our God-given market share ought to be 100%." But pity, to take an example, embattled Pan Am, which relies on travel agents for an estimated 70% of its business. Only last month Pan Am staved off a Friday-afternoon run of rumors among big commercial agents, who began telephoning clients with the "news" that the airline was about to miss its payroll.

The servicing carriers are unlikely

Fertilizer in the Sixties. Then synthetic fibers in the Seventies. Both drowned in overcapacity. Now the same thing has been happening to petrochemicals.

The long morning-after

By Howard Rudnitsky and Martin Love

YOU CAN'T TEACH an elephant to tap dance. Take, for instance, oil companies in the $75 billion petrochemical industry.

Over the last decade, a hefty $25 billion-plus has been invested in new petrochemical capacity, two-thirds by oil companies trying to integrate downstream, one-third by big chemical companies like Dow, Union Carbide and Monsanto. The result: Petrochemicals have been depressed for 2½ years, and the hangover is not over. With the industry operating at just over 65% of capacity—even after shutting down 4% of capacity over the past 18 months—there will have to be more shutdowns and writeoffs.

Most of this will come from oil companies. But chemical companies also have had to cut back. The petrochemical industry "has gone through three phases," says Paul Oreffice, Dow Chemical's CEO. "The first was, 'My God, there's too much capacity.' The second was, 'I wish my competitor would shut down a plant.' The third phase is, 'I better shut down a plant.' " The industry is clearly in phase three now.

Oreffice himself has stopped talking and started retrenching. Dow, a leading petrochemical producer, pulled out of several planned large petrochemical joint ventures last year—including one with Saudi Arabia—and shut down some operations. Partly as a result of such measures, Dow is still profitable in petrochemicals. Not so most of the oil company competition. Gulf alone reported chemical losses of $264 million last year, which included a writedown of $100 million on the sale of specialty chemical facilities. Arco lost $96 million for the year and Shell could report losses of about $20 million in chemicals. Texaco lost $23 million in last year's fourth quarter. Exxon's chemical earnings in 1982 nose-dived by 61% and Mobil was barely profitable. The red ink may well continue in the first half of 1983.

It was only a few years ago that many managements were talking about the glowing prospects in petrochemicals in the 1980s. The oil companies, especially, poured their prodigious cash flow into petrochemical operations around the world. Later, so did the Europeans, Japanese, Canadians and several Third World countries.

Then those glowing growth assumptions proved wrong. "Exxon had Data Resources do a study early last year on what went wrong," says chemical analyst Harry Flavin of Merrill Lynch. The answer: The industry had accepted a 7% to 8% annual growth rate demand projection without realizing that most of it was based on the extraordinary growth of petrochemicals exports subsidized by low U.S. oil and gas prices and an undervalued dollar.

Both U.S. oil prices and the dollar rose, of course, when President Reagan deregulated domestic oil in 1981. Then came the worldwide recession. Result: Annual petrochemical export growth of 25% in 1979 quickly turned

Only a finger in the dike

Though at least 5.6 billion pounds of annual petrochemical capacity has been permanently closed and another 4.6 billion mothballed in the past 18 months, the industry is still awash in excess capacity, particularly in commodities like ethylene and propylene.

Company	Product	Capacity (in pounds per year)	Location
Permanent capacity shutdowns			
Cities Service	ethylene	870 million	Lake Charles, La.
	propylene	410 million	Lake Charles, La.
	low-density polyethylene	725 million	Lake Charles, La.
Exxon	ethylene	900 million	Baton Rouge, La.
	low-density polyethylene	120 million	Baton Rouge, La.
	polypropylene	135 million	Baytown, Tex.
Atlantic Richfield	low-density polyethylene	220 million	Port Arthur, La.
	ethylene	100 million	Carson, Calif.
Firestone	emulsion styrene-butadiene (to close in 1983)	380 million	Lake Charles, La.
Stauffer Chemical	vinyl chloride	170 million	Long Beach, Calif.
	polyvinylchloride	140 million	Long Beach, Calif.
Gulf	ethylene*	660 million	Rotterdam, Neth.
	propylene*	300 million	Rotterdam, Neth.
	styrene*	430 million	Rotterdam, Neth.
Dow	low-density polyethylene	75 million	Gulf Coast; Canada
Temporary capacity shutdowns			
Du Pont (Conoco)	ethylene	870 million	Chocolate Bayou, Tex.
Atlantic Richfield	ethylene	1.3 billion	Channel View, Tex.
	propylene	800 million	Channel View, Tex.
Texaco	ethylene	100 million	Port Neches, Tex.
Shell (May 1981)	ethylene	1.3 billion	Deer Park, Tex.
Dow	low-density polyethylene	240 million	Gulf Coast

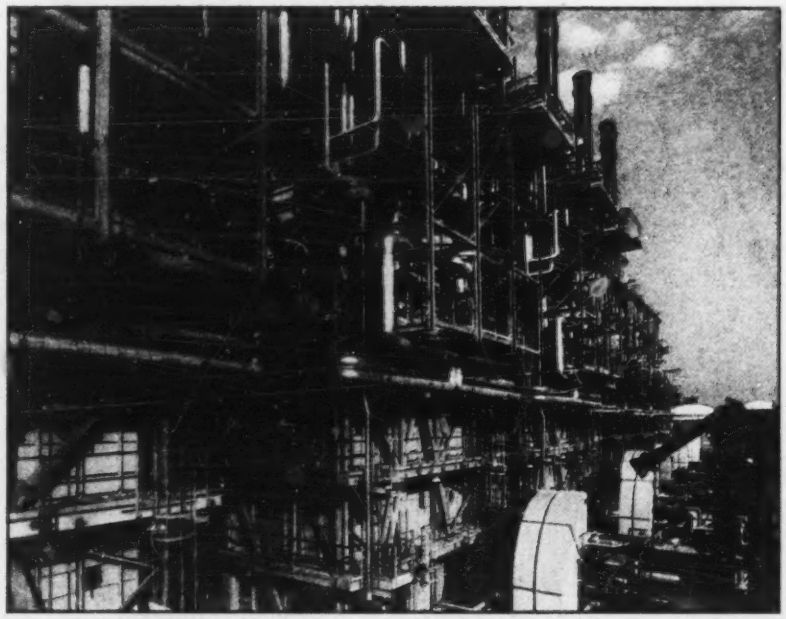
*Sold to Kuwait.

into a negative growth rate last year. Overall growth in the U.S. chemical industry, far from 7% to 8%, has been under 2%. But capacity was increasing by over 5% a year.

Those who may come out best are those, like Dow, who combine strong marketing capabilities with capacity cutbacks. "We have canceled 1.2 billion pounds of expansion in polyethylene that were on the books as firm a year and a half ago," says Oreffice. "In ethylene we have shut down other plants." Others are doing the same, with emphasis on commodity petrochemicals. Some have withdrawn from entire markets—like Cities Service and Arco, which recently abandoned the polyethylene business. Mexico and Canada have also delayed, probably permanently, major plants have been drastically reduced.

An improving economy surely helps but it won't be a cure-all. Says Merrill Lynch's Harry Flavin, "Even when the economy recovers, it's not going to solve the excess capacity problem; 1983 is still going to be a year of shakeout." Something similar happened to the synthetic fibers business in the late Seventies, he says, "and it took five years to shake out. The economy recovered, but fibers didn't. There were just too many strong players. It takes time to shake them out."

Moreover, analyst Flavin, while acknowledging many companies have made significant operating cost reductions, claims new large plants—especially ones built by oil firms—are also more capital intensive. Figure in the cost of capital of plants that may run

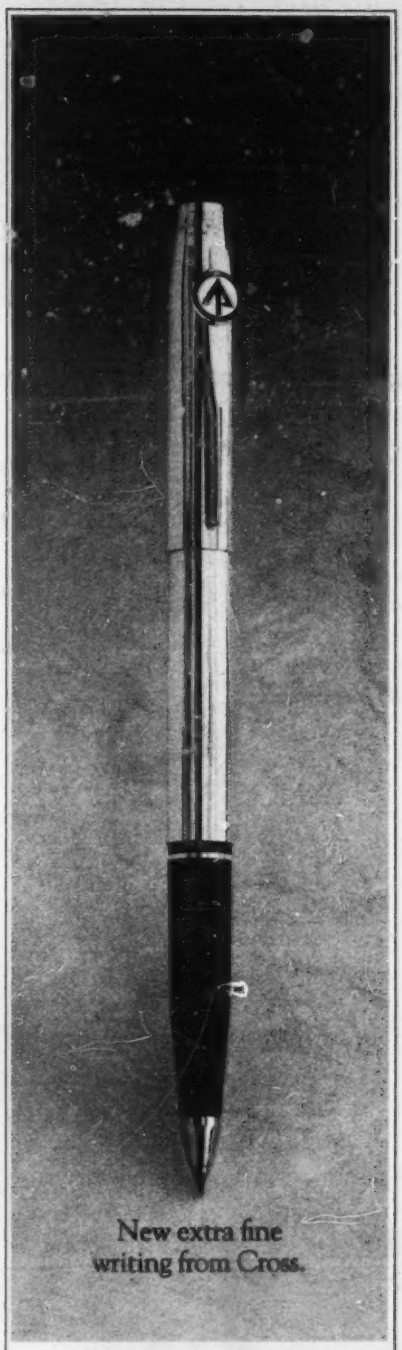


Exxon's olefins plant at Baytown, Tex., completed in 1979
Optimism's high price: a glut in "building block" petrochemicals.

projects that would have come on stream by the mid-1980s. However, Saudi Arabia is going ahead with several big complexes scheduled to be operating around mid-decade.

Many plants shut down "temporarily" may be mothballed for years. Oreffice says many smaller plants have been closed without any announcements, and most will never be reopened. As a result he, for one, is fairly optimistic about the future. Industry break-even levels have been reduced significantly since the mid-1970s, he points out; at Dow it's down to 60% from 70%. Also encouraging are signs of life in autos and housing, both major petrochemical markets. And inventories at petrochemical as much as $500 million, and break-even may not be all that low for many oil companies. "Those big ethylene cracking plants are also heavy feedstock users," Flavin points out. "So they aren't necessarily more efficient than older similar plants—like a natural gas liquids plant—when they are operating at 65% of capacity."

Sums up John Matson, petrochemicals consultant for Houston-based Pace Co., "The good news is that we're at the bottom now in demand and profitability. The bad news is that the bottom will be here for a while." Maybe sometimes you *can* teach the elephant to tap dance. But when it falls on its face, it can cause a mighty commotion. ■



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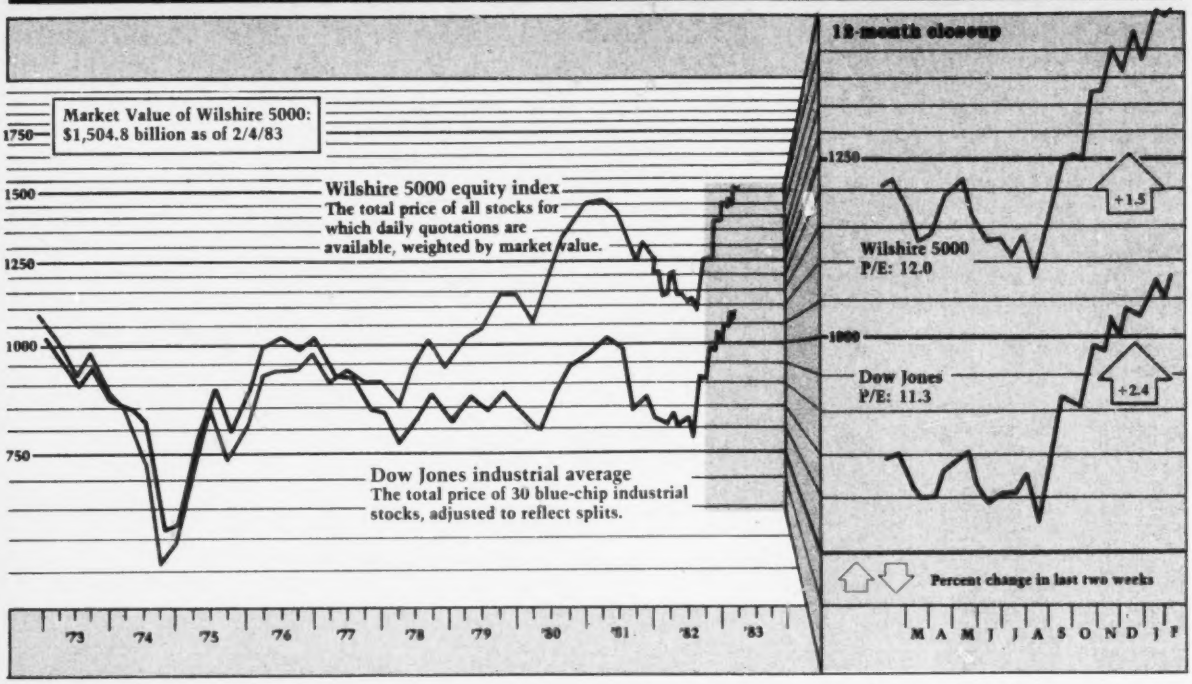
The Forbes/Wilshire 5000 Review



Sweet and sour. After some weakness in mid-January, the market once again started climbing. The Dow was recently within 1.4% of testing its alltime closing high of 1092 and the Wilshire less than 1% away from reaching its high. Nevertheless, the unevenness of the recent advance indicates a possible shift in investor tastes. For the first time since the start of the August rally, NASDAQ issues have clearly pulled ahead of the Dow on a 52-week basis. The NASDAQ market, up 3.1%, led the way during the last two weeks. The Dow industrials pushed ahead 2.4%, but the rest of the NYSE did not fare as well—up only 1.3%. Meanwhile, the Forbes 500 and the Wilshire performed pretty much in line with the average NYSE issue, with a 1.5% gain. But the Amex—a victim of the hate-love relationship with energy—added only 0.1%.

Over the last four weeks the P/E multiple on the Wilshire went from 11.5 to 12, a 4.3% gain, while the Wilshire index rose only 1.2%. This happened because trailing 12-month earnings on the Wilshire are down some 3.1% from a month ago. More firms are expected to report bleak fourth-quarter earnings. Until a recovery is clearly in sight, investors should question how high the market will allow the earnings multiple on the Wilshire to rise after six months of anticipatory upward pricing.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.2	0.6	0.2	0.7	1.0	5.5
in last 52 weeks	24.9	23.2	26.7	24.3	28.2	33.7

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	10.7	5.1	9.0	8.7	2.3	10.2	14.0	2.6	2.8	10.4
in last 52 weeks	65.9	36.2	42.1	78.8	30.0	74.7	79.6	36.6	28.6	54.6

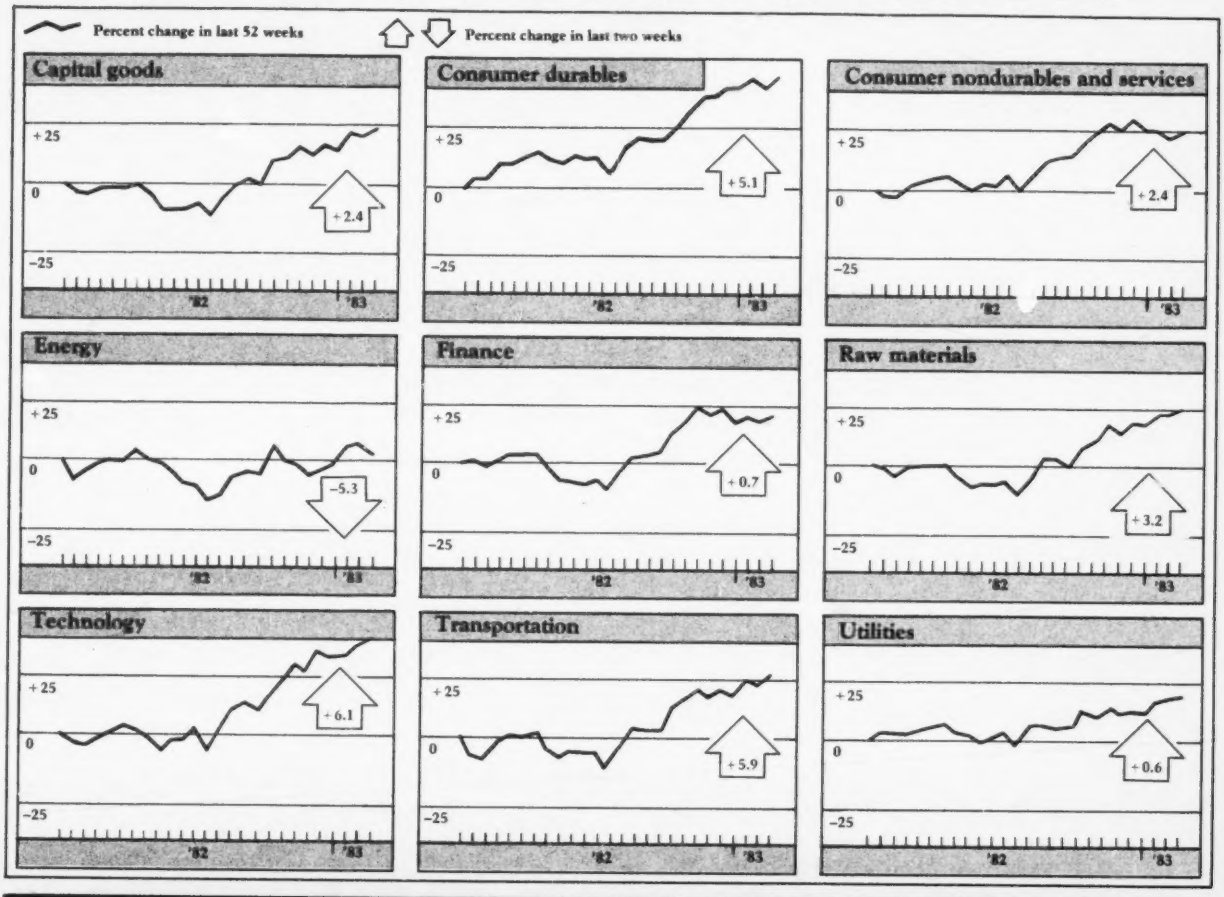
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 2/4/83 Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

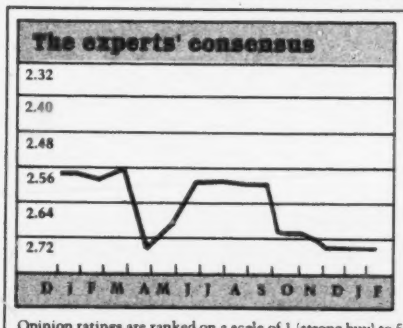
Computer heaven. Transportation issues—principally the airlines—feasted recently on the prospect of lower fuel costs. Energy shares went back on a diet and shed another 5.3% over the two-week period. While many sectors show strong 52-week gains (except energy shares, now off 4.2%), it is the technology sector that has shown the greatest recent strength.

Technology issues had the strongest two-week and four-week showings of all, with gains of 6.1% and 8.1%, respectively. Numerous NYSE and Amex computer issues hit new 52-week highs. On the NASDAQ, nine of the ten most active issues of the last week were computer-related. NASDAQ leader, Apple Computer, is really beginning to swing some weight. So far in 1983 Apple is up almost 38%, after a 66% rise from August to December, and now has a market capitalization of almost $2.4 billion.



What The Analysts Think

Nine to five. Last July, when we first began monitoring analysts' buy/sell opinions on the individual sectors, the raw materials group was in ninth place. Within the last two weeks raw materials moved up to fifth. With commodities markets rising, it may be that better days are not far off for many depressed natural resource issues.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Energy	2.62	1	1
2	Technology	2.63	2	2
3	Utilities	2.65	3	4
4	Capital goods	2.70	4	3
5	Raw materials	2.81	7	7
6	Transportation	2.81	6	6
7	Finance	2.82	5	5
8	Consumer nondurables	2.86	8	8
9	Consumer durables	2.93	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 2/4/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Big institutional investors are married to big-capitalization stocks. But they really love a very different set of companies.

The other favorite 50

THERE'S A FLAW in the usual lists of institutional favorites: They rank only total dollar holdings. Obviously, that means high-capitalization stocks predominate. IBM's market value is $54 billion, and everybody knows it's a good company; so, of course, institutions own a lot of it. Similarly with AT&T, Exxon or GE. You could write most of the list in your sleep.

There's another, more interesting way to cut the apple: Which companies do institutional investors like so well that, regardless of capitalization, they have bought up most of the available shares? Put it this way: What are the stocks they really want, aside from those that can safely absorb huge amounts of investment money?

To generate the list, we sought the aid of Micro/Scan, a product of ISYS Corp. in Cambridge, Mass. This product makes it possible to screen a 52-item financial database. The 1,400 stocks cover virtually all the companies with important institutional followings. These are not flukes; companies did not make this list if counting of controlling blocks was necessary to put them on. They are here because of passive investors.

Below, the institutions' favorite 50 are shown by percentage of ownership. Banks, mutual funds and other professional money managers own a minimum of 64% of the shares in each of these companies. In contrast, the average company depicted by the database produced by the Ford Investment Service is 31%-owned by institutional holders.

Nor are they here for being hot little high-tech companies with no float. Most of the 50 made the FORBES ranking of the 500 largest companies by market value last May; 20 of them were capitalized at over $1 billion then, and the market has gone up substantially since. A few, like Aetna, make the list whether you count dollars or percentage of ownership.

Nevertheless, this is an entirely different picture of what institutions want. Gone are General Motors and Ford. Gone also are all the oil companies except Lubrizol, number 35 here. Even IBM doesn't make the grade (institutions hold only 54%).

Which ones do? A great variety of

Bought up by the big boys

Institutional investors are so anxious to own shares in these companies that they have acquired most of the outstanding stock. Most of the shares have been fun to own until now, but remember Mattel.

Company	—% held by funds— recently	May 1982	Price— recent	12 months % change	—Latest 12 months— EPS	P/E	5-year earnings growth rate	Current return on equity	Shares outstanding (millions)
AMP	90%	87%	73½	47%	$ 3.50	21	10.7%	17.3%	36
Northwest Airlines	85	81	47¼	107	0.20	NM	–22.8	0.5	22
Lockheed	83	52	90	80	10.96	8	–44.6	NM	18
Gannett	80	77	57½	76	3.35	17	13.8	19.4	53
Rite Aid	79	46	45½	65	3.13	15	16.4	17.7	14
Digital Equipment	78	78	121⅞	38	6.95	18	18.2	11.5	55
Mattel	78	47	14⅝	15	3.59	4	8.4	26.8	17
Nalco Chemical	77	74	30⅛	24	1.77	17	10.8	19.7	40
General Re	76	76	56½	39	4.56	12	16.8	18.6	45
Associated Dry Goods	74	72	44¼	57	3.83	12	6.7	8.5	14
Bausch & Lomb	74	64	41⅛	–16	2.48	17	–1.2	4.9	12
Ryder System	74	64	47⅝	78	3.85	12	9.1	14.5	21
ACF Industries	72	71	33⅜	–8	5.36	6	3.5	11.5	8
American Broadcasting	72	68	54	64	5.65	10	6.5	15.0	29
Consolidated Freightways	72	75	49⅛	45	4.34	11	10.0	11.5	13
Capital Cities Comm	71	68	125	71	6.85	18	17.2	17.0	13
Texas Instruments	71	66	176	123	5.86	30	1.9	10.1	24
Automatic Data Proc	70	70	35⅛	41	1.73	20	14.6	15.4	34
Data General	70	72	48	–9	1.83	26	–4.4	4.6	11
Delta Air Lines	70	62	46	80	–0.07	NM	–13.8	NM	40

NM: Not meaningful.

Sources: Micro/Scan: ISYS Corp; Standard & Poor's.

Bought up by the big boys

Company	—% held by funds— recently	May 1982	Price— recent	12 months % change	—Latest 12 months— EPS	P/E	5-year earnings growth rate	Current return on equity	Shares outstanding (millions)
Eli Lilly	70%	67%	62¾	10%	$5.25	12	9.9%	19.1%	76
McDonald's	70	68	59	42	4.88	12	15.6	18.1	60
Medtronic	70	66	50¾	37	3.17	16	20.3	18.0	16
Aetna Life & Casualty	69	61	34⅜	–23	6.14	6	4.6	15.6	94
Watkins-Johnson	69	67	64½	132	2.66	24	8.2	10.8	3
Betz Laboratories	68	65	36¾	25	1.93	19	13.6	21.2	16
Chemed	68	62	33⅝	45	1.80	19	NA	27.7	8
E-Systems	68	68	46½	96	2.21	21	2.8	17.0	14
Honeywell	68	67	90⅜	22	12.66	7	14.2	13.6	22
Diebold	67	64	81¾	54	4.73	17	27.1	21.1	9
Armstrong World	66	57	22⅛	54	0.76	29	–6.4	3.3	25
Baxter Travenol Labs	66	63	47⅝	36	2.50	19	14.8	15.5	71
Chubb	66	62	47½	4	6.18	8	4.0	11.1	12
Dun & Bradstreet	66	62	102¾	61	4.89	21	16.4	27.2	27
Lubrizol	66	63	19½	–11	1.51	13	2.7	12.3	39
Ogilvy & Mather	66	64	47¾	55	3.46	14	5.4	15.0	4
Travelers	66	65	23⅞	4	3.67	7	5.0	10.5	84
Whirlpool	66	64	44	73	3.26	13	3.7	13.6	36
AMR	65	64	21¾	110	–1.87	NM	–40.5	NM	35
Continental Illinois	65	62	21⅜	–40	2.92	7	0.5	6.8	40
General Mills	65	62	46⅛	35	4.56	10	11.1	17.5	50
RH Macy	65	63	59⅞	128	4.39	14	17.1	17.5	33
Philip Morris	65	64	58¾	20	6.12	10	16.1	20.2	126
Raychem	65	67	74	40	3.14	24	NA	10.6	9
SmithKline Beckman	65	64	67⅞	0	5.51	12	25.3	26.5	83
VF Corp	65	69	41½	127	4.60	9	21.3	24.4	16
American Hosp Supply	64	52	39⅞	47	2.69	15	13.6	15.9	73
Citicorp	64	63	35¼	40	6.03	6	8.7	16.1	126
Walt Disney	64	60	67⅜	38	3.01	22	4.4	7.8	33
Monsanto	64	66	83⅝	23	8.92	9	0.7	10.4	40

NA: Not available. NM: Not meaningful.

Sources: Micro/Scan; ISYS Corp; Standard & Poor's.

fundamentally sound companies, well known either generally or in their industries. For obvious reasons, institutions like to play it safe.

Consider the hit parade leader, AMP, Inc., a nice company near Harrisburg, Penna. that makes electrical connectors, $1.2 billion worth last year. Connectors? It seems one of the big markets for connectors is computers; the more computers there are, the more connectors are needed. And personal computers are proliferating like crazy. So institutions own a startling 90% of this stock. Not even a poor December quarter—it only happens in recessions—was able to shake them loose.

Then there's Northwest Airlines, a bare-bones-overhead, union-free airline that has not been shy about keeping the northwest quarter of the U.S. largely to itself as a market. Institutions like that one, 85% worth.

By industry, the pattern is scattered. Three airlines, a newspaper chain, a financial publisher, several insurance companies, two broadcasters, several computer-related companies, an ad agency (Ogilvy & Mather), an apparel manufacturer (VF Corp.), McDonald's—nothing if not eclectic.

They haven't been doing badly at all. Collectively, the 50 have gone up 44% in the past 12 months, while the NYSE index rose 23.1%. Their collective return on equity (excluding two deficits) stands at 14.2%, vs. 12.7% for the 1,002 companies reviewed last month in the FORBES 35th Annual Report on American Industry. They cost more, though: The average P/E is around 15, compared with the current 12 on the Wilshire index of 5,000 stocks.

Some of the gains last year were big: AMR, VF Corp. (Lee blue jeans, which has sailed through the recession with earnings gains), R.H. Macy, Watkins-Johnson and Texas Instruments all gained at least 100%.

Money managers are hardly infallible, though: Six of the 50 were down for the year. Why would they want to own so much of Continental Illinois, anyway?

For most of these companies, institutional ownership has been rather stable. But a few noticeable changes have taken place recently. Lockheed, now at 83%, is up from 52% in May—a 31-point gain in just six months. Evidently the institutions were pleased enough when this largest U.S. defense contractor finally discontinued its loss-plagued L-1011 commercial jetliner to sink over $300 million into this one stock alone.

Rite Aid was another big winner. The institutions raised their position on this fast-growing, very profitable drugstore chain from 46% to 79% and in the meantime bid the stock price up 65%.

Institutions don't guarantee their own success, though: They went from 47% to 78% of Mattel, the toy and video game maker, and ran it up to 31, only to see it collapse to around 15. The original 47% are still ahead of the game, but it must have been a chastening experience for most of the newcomers.

Which makes a point of caution about these companies worth remembering. Even though heavy institutional sponsorship is a wonderful thing on the way up, if the romance ever goes sour you will be far happier for having sold too soon. When the end comes, the big boys can draw a big line downward on the price charts very quickly. ■

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Forbes

March 14, 1983
Volume 131,
Number 6

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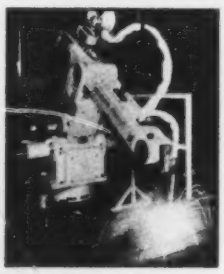

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Illustrations and Charts:
39, Glenn Dodds; 43, Jeff Danziger; 44, Laszlo Kubinyi; 96, 98, Chas. B. Slackman; 148, Bob Conrad

Cover Illustration: Tommy Soloski

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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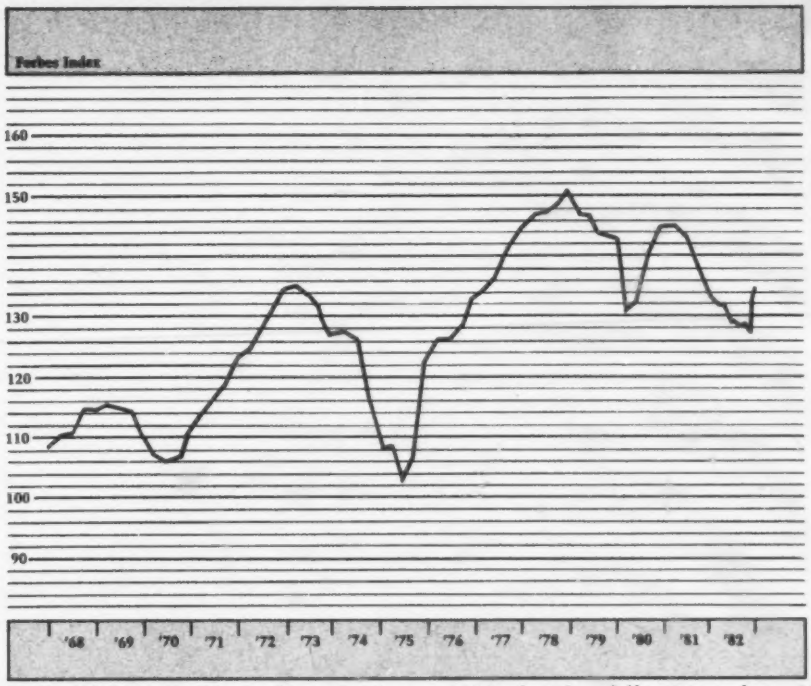
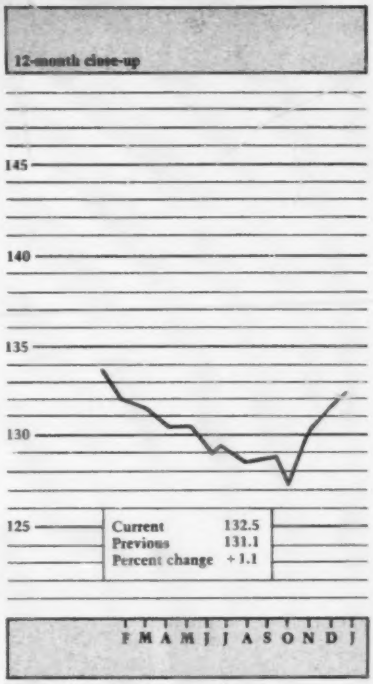
The Forbes Index





The beat goes on. The Forbes Index has posted its fourth straight gain, rising 1.1% in January. That impressive string makes a convincing case that the recovery has already begun.

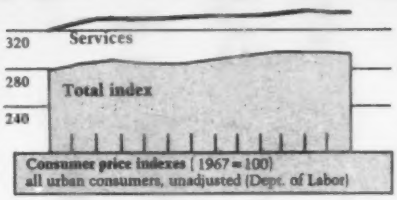
The most persuasive evidence came in industrial production. It increased by 0.9%, its first gain in over a year. Housing also provided an upward push. New housing rose 13.8% during the first month of the year, following a sharp 25% decline in December.

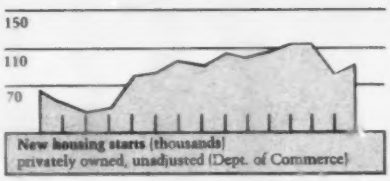
Consumers are not yet ready to go back into debt. In fact, net consumer credit outstanding was $2.2 billion in the latest reporting period. That figure is somewhat smaller than the $2.5 billion net credit outstanding during the previous month. But consumer confidence is returning, however slowly: Retail store sales inched up 0.1% in January, following a 1.1% decline in December.

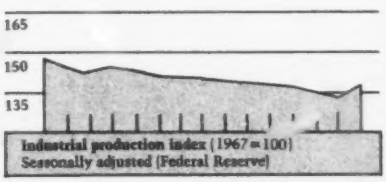
The Forbes Index Components

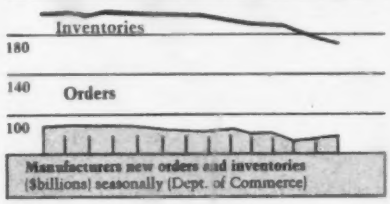
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

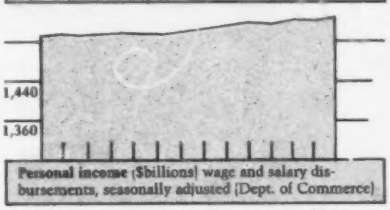
To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.

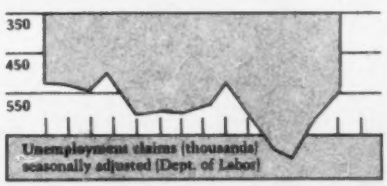


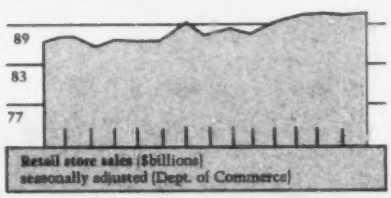


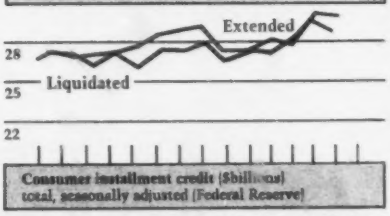












Forbes

Coming your way this spring: the $26 billion tax cut you never heard about. The Treasury, it seems, didn't bother to tell you that you probably were overwithheld all last year.

Surprise!

By Barbara Ettorre

IT'S TAX TIME again, but the usual whining and wailing among working Americans definitely is going to be muted this spring. The reason: Final Apr. 15 tax bills will be lower than most taxpayers expect, while refund checks will be more generous. That, Goldman, Sachs & Co. calculates, will put between $22.5 billion and $26 billion extra in consumers' pockets in March, April and May.

The windfall comes about through the convergence of some fundamental economic trends and technical factors in tax collection, but it's safe to say that the biggest single chunk of that money—$9 billion to $11.5 billion—will come from tax savings on IRA accounts. Goldman, Sachs estimated that $30 billion went into IRAs last year, and the accounts earned some $3 billion in dividends and interest. The "earning curve," according to Goldman, Sachs, is at work here. Most taxpayers have failed to increase the exemptions in order to lower withholding taxes on their salaries, partly out of complacency—withholding rates were, after all, lowered last year—and partly out of misguided fear that other tax law changes would offset IRA tax savings.

For various other reasons, Goldman, Sachs says, last July's withholding tax cut actually came to only 7%, lowering the amount of personal taxes paid in 1982 by only $19 billion to $20 billion, some $6 billion to $7 billion less than the full 10% tax cut legislated by Congress. So taxpayers will pick up that $6 billion to $7 billion this spring in the form of smaller final bills or bigger refunds.

Another $6 billion in refunds, of course, results from the late recession. Workers unemployed for part of the year were overwithheld in the pay they did earn because withholding tax tables assume full-year employment.

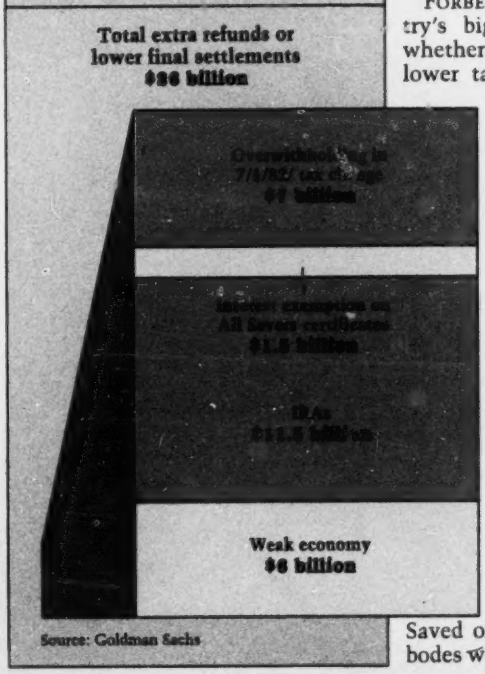
Finally, consider the $6.5 billion earned on tax-free All Savers certificates. Invested in money market instruments, the $6.5 billion would have produced about $2.3 billion in taxes. Although some taxpayers did, in fact, lower their quarterly 1982 tax installments because of the tax exemption on All Savers certificates, there remains some $1.5 billion in savings that won't be realized until this spring.

FORBES asked H&R Block, the country's biggest tax preparation firm, whether its customers were paying lower taxes than they expected for 1982. Many Block offices, in a spot check, said yes.

What it all amounts to is this: The "surprise" tax cut this spring actually exceeds last July's unsurprising $19 billion to $20 billion tax reduction. Because the $22.5 billion to $26 billion savings this year will be concentrated in a three-month period, Goldman, Sachs believes it will stimulate the economy far more noticeably than did last year's reduction. And the surprise reduction will more than offset the effect of the 10% withholding to be imposed next July on interest and dividend payments and the increase on gasoline taxes that takes effect Apr. 1. Saved or spent, the shot in the arm bodes well for the recovery. ■

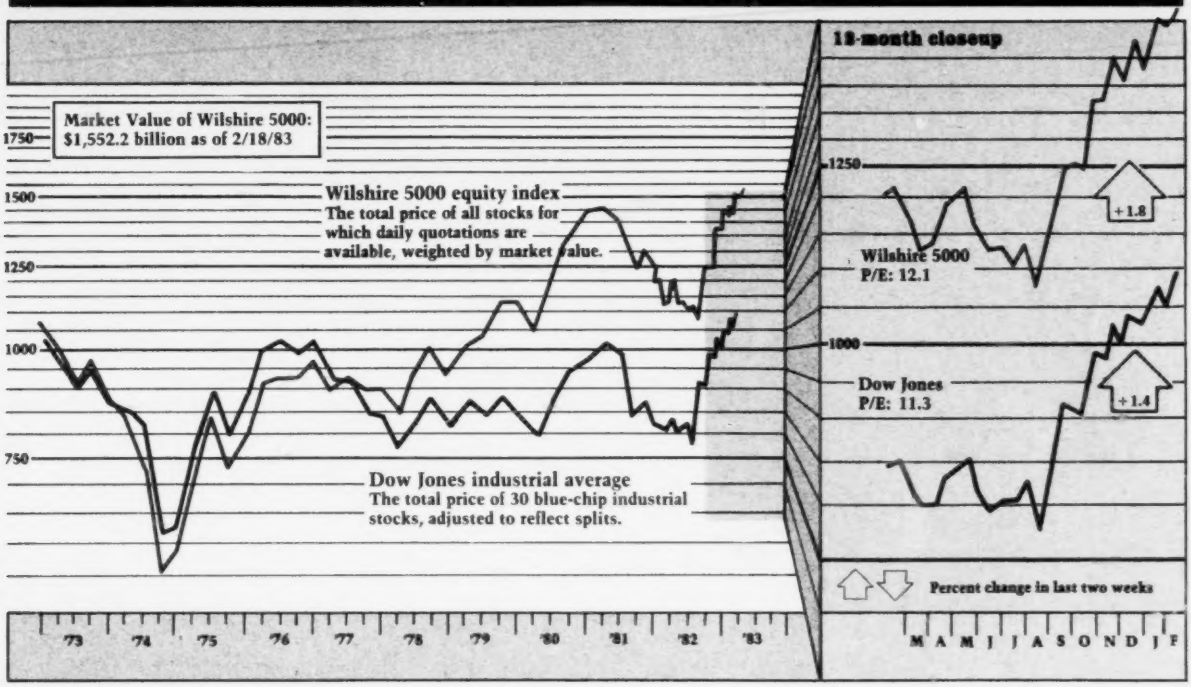
The windfall

Tax overwithholding on 1982 personal incomes had to do with the recession and changes in the tax law itself. Here's where the $26 billion windfall comes from.



Source: Goldman Sachs

The Forbes/Wilshire 5000 Review



Third wind. Well into February, this seemingly endless bull market continued, bolstered by further slight declines in interest rates. The talk is of corrections and a coming shakeout before the indexes continue their steady uphill trek. But in mid-February, as investors braced for profit-taking, the market climbed to new highs. The Dow Jones industrial average broke its 1092 prior alltime closing high, and the NASDAQ and Amex indexes outpaced the Dow. Signs of a mature rally continue, with accelerating action in the less-picked-over markets. Even energy issues, namely oil, picked up strength despite constant reports of declining oil prices. Technology, everyone's favorite in the last few months, continued to gain, but the increases were slower.

One of the telltale signs of a tiring bull in prior market cycles is becoming even more pronounced in this one: The 52-week averages for both the Amex and NASDAQ markets have now pulled well ahead of the Dow and the other broader capital-weighted indexes—a difference that showed up in January for the first time since this 1982-83 bull market began in August, and which is now accelerating.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.4	3.4	3.8	2.7	5.0	7.1
in last 52 weeks	31.9	29.9	32.6	30.6	42.4	44.6

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	9.5	4.3	8.7	10.4	1.9	11.4	9.1	2.9	6.2	10.0
in last 52 weeks	80.0	40.6	57.0	93.5	34.0	92.2	94.6	42.6	37.7	69.9

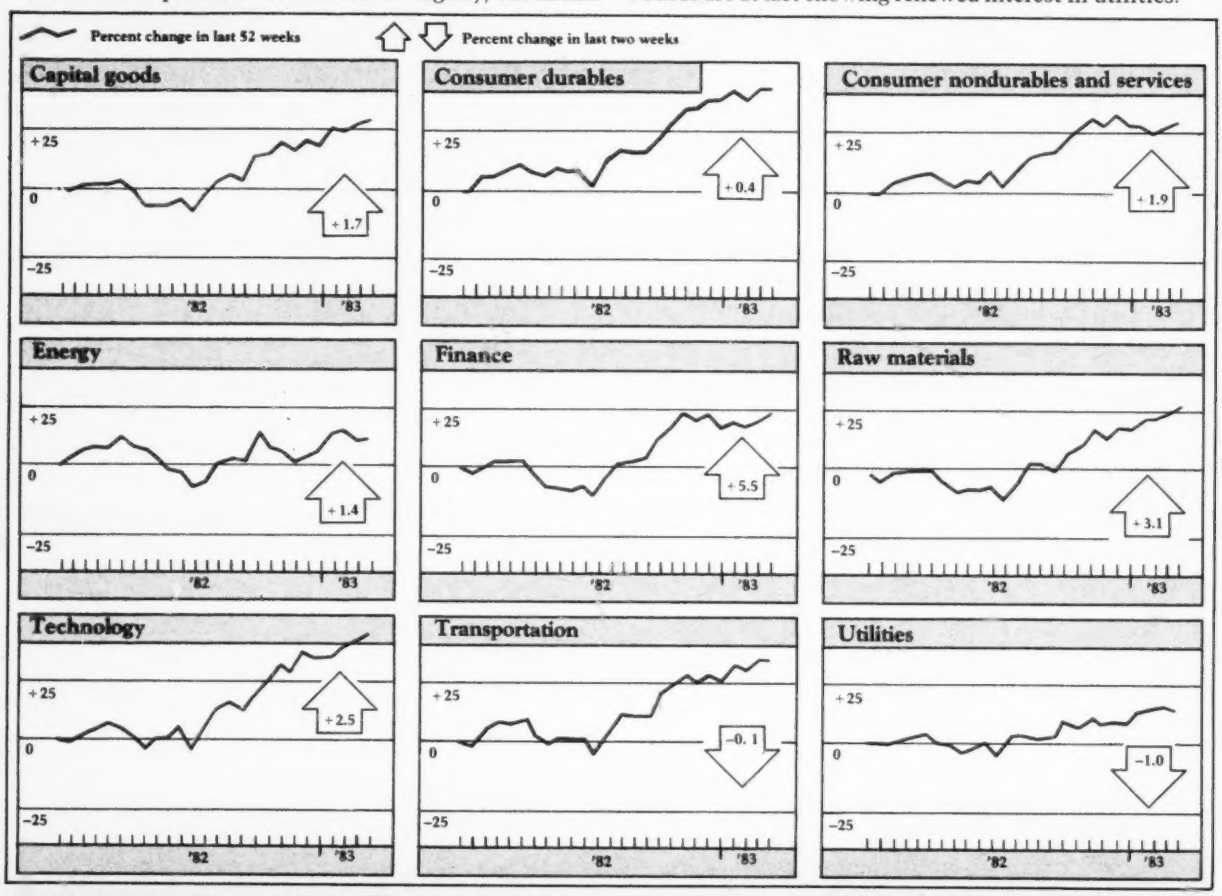
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 2/18/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Interest in interest. Investors shifted their focus back to interest rates as renewed declines beckoned them to financial stocks, particularly brokerage and installment credit. Raw materials also held up well, with steel and heavy materials showing strong gains in the last two-week period. Of less significance, seemingly, was the continuing decline in oil prices. Oil stocks rallied slightly, but airline stocks, which were flying high only a month earlier on the prospect of lowered fuel costs, dipped downward again.

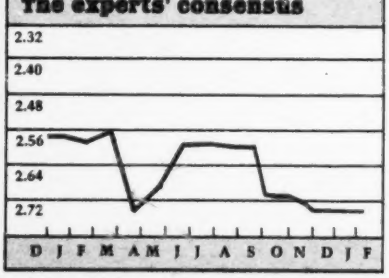
Utilities have been the major underperformers this year, even though they were one of the few areas that h ld up well a year ago amid high interest rates and falling markets. Lately, however, the institutional analysts monitored by FORBES are at last showing renewed interest in utilities.



What The Analysts Think

Bracing for correction? Analysts turned slightly more bearish in late February, with only utilities—which do well in weak markets—and raw materials stocks getting better marks than two weeks earlier. Both sectors, however, may benefit from lower oil prices. Enthusiasm for technology issues, meanwhile, is waning slightly.

The experts' consensus



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Energy	2.62	1	2
2	Utilities	2.64	4	4
3	Technology	2.67	2	1
4	Capital goods	2.73	3	3
5	Raw materials	2.79	7	7
6	Transportation	2.81	6	5
7	Finance	2.81	5	6
8	Consumer nondurables	2.88	8	8
9	Consumer durables	2.92	9	9

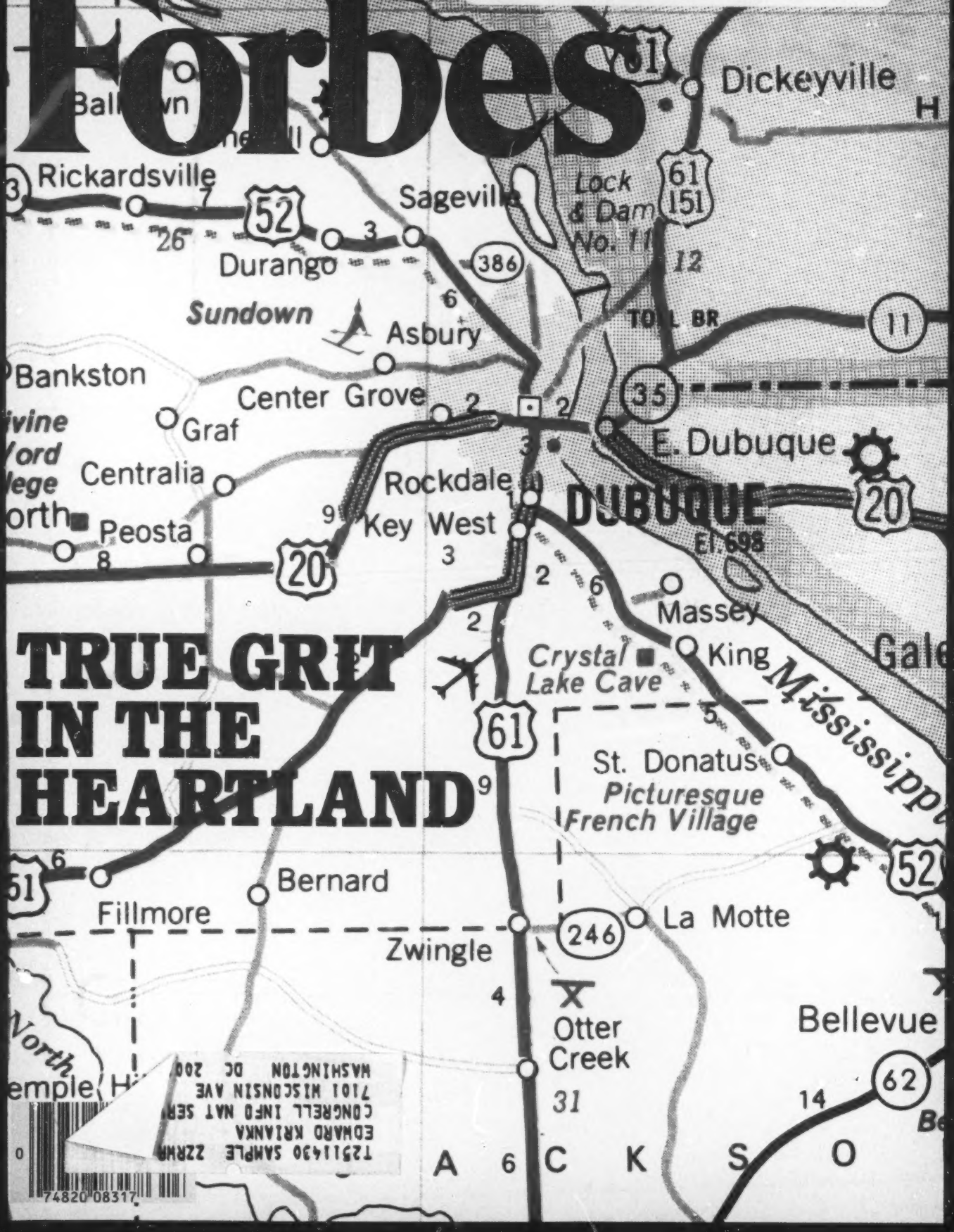
Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 2/18/83. Prepared by Wilshire Associates, Santa Monica, Calif.

MARCH 28, 1983 THREE DOLLARS

C3950-1 3/18/83

Forbes



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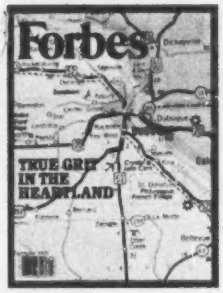
Volume 131,
Number 7



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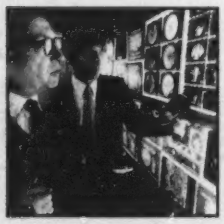

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Illustrations:
41, 42, 106, Chas. B. Slackman; 46, Laszlo Kubinyi; 120, Jeff Danziger; 178-179, Charles Saxon
Charts: 124, Bob Conrad
Cover: © Rand McNally & Co. R.L. 83-S-42

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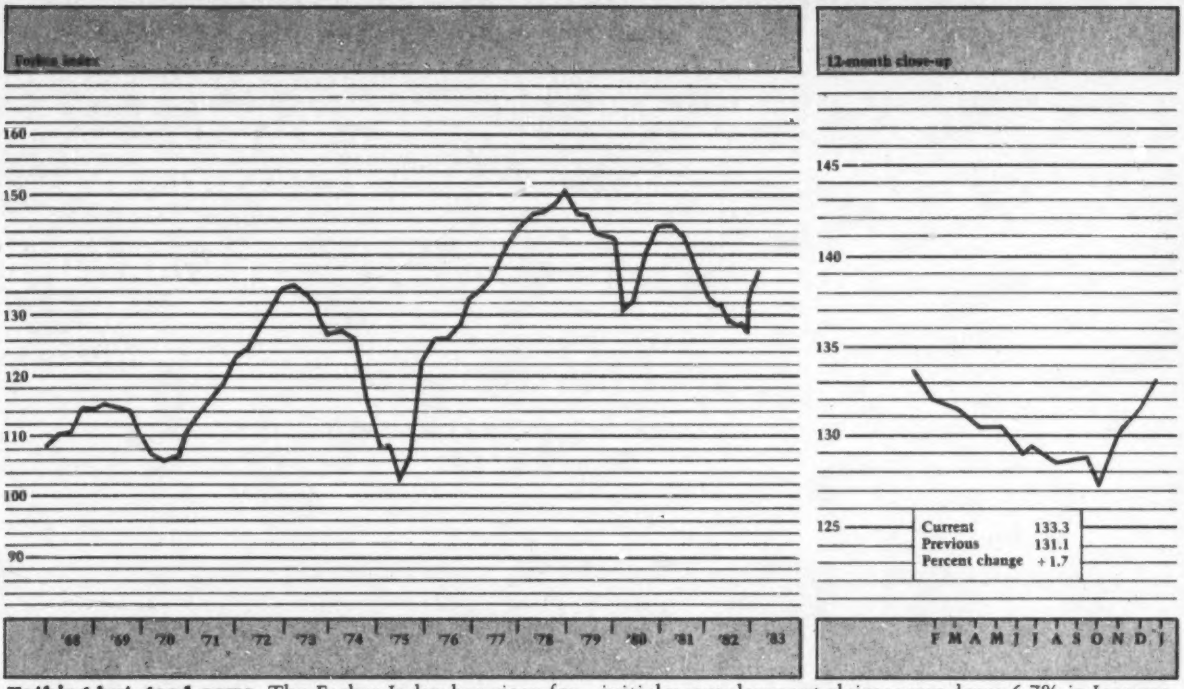
The Forbes Index



Nothing but good news. The Forbes Index has risen for the fifth consecutive time. All the elements necessary for a strong, sustainable recovery are falling into place.

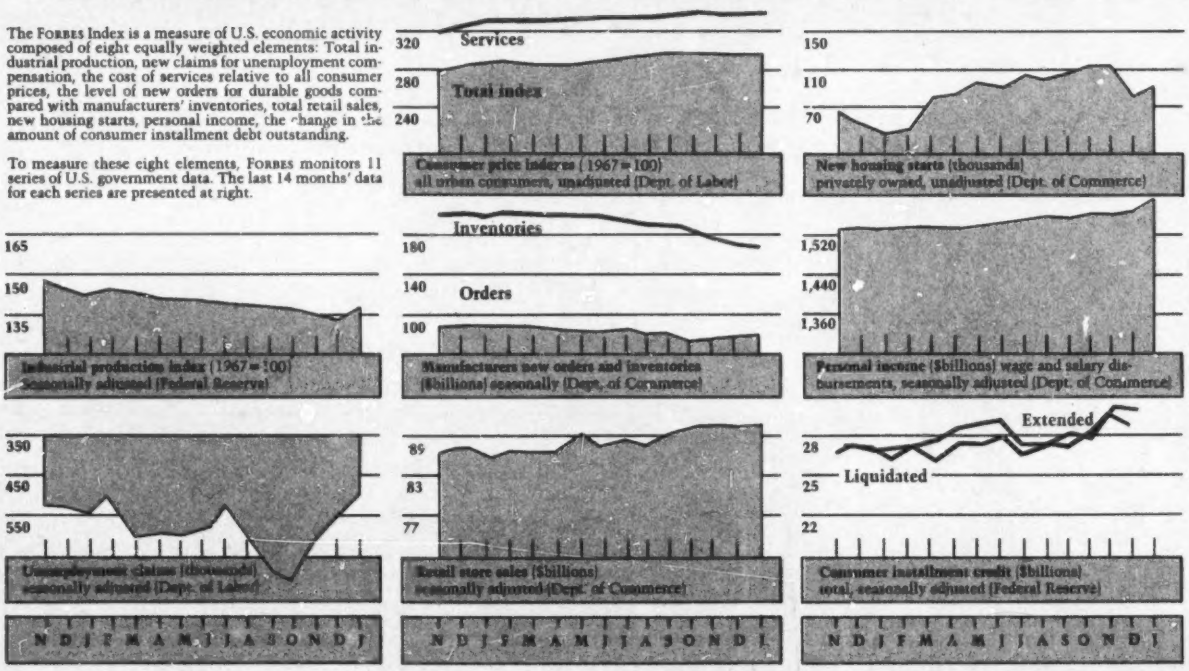
Inventories dropped by 1.7% during the latest reporting period, following a 1.3% dip a month earlier. Manufacturers' new orders jumped by 5.4%, as rising demand prompted buyers to restock bare shelves. Rising demand is also causing companies to rehire, a big reason initial unemployment claims were down 6.7% in January.

Although the economy is clearly heating up, inflationary fires are not being rekindled. The Consumer Price Index was up a scant 0.2%, while the increasingly important service sector index increased by just 0.7%. Those low figures indicate that consumers, whose personal income was up 1% in January, are beginning to spend but are not significantly bidding up prices.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



Forbes

Why do the Russians pump $4 billion to $5 billion a year into Cuba's collapsing economy? Because they know it is their best buy when it comes to making trouble for the U.S.

Cheap at twice the price

By Jerry Flint

FOR LESS THAN the annual cost of supporting a single aircraft carrier task force, the Soviet Union has developed a wondrous weapon.

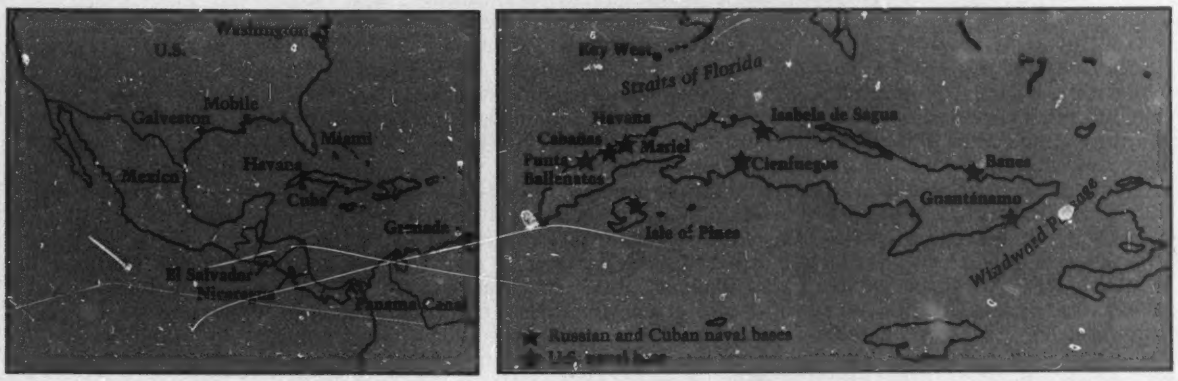
It works at long range, moving armies thousands of miles to win or hold nations for the Eastern bloc. It works at short range, nailing down Marxist (read pro-Russian) revolutions and unsettling nations along the periphery of the U.S.

And should World War III start, this weapon could have a small but important role in helping defeat the Western land armies in Europe. The weapon is Fidel Castro's Cuba, an unsinkable aircraft carrier that comes with a 200,000-man army. For comparison, Mexico, with seven times the population, has an army half the size and, of course, there's no comparison in equipment.

U.S. government agencies say that Russian arms deliveries to Cuba surged to 66,000 metric tons in 1981, up from 20,000 tons a year previously and the start of a five-year arms upgrading. Castro's military includes 200 jet fighters, assault helicopters, T-62 tanks and BMP infantry combat vehicles, antiaircraft SAM launchers, antitank guns, rocket launchers, two submarines and a couple of squadrons of missile-launching fast attack boats.

Why the Navy worries about Cuba

If the Russians strike in Western Europe, men and supplies from the U.S. will move from our Gulf ports. An attack by Cuba's small navy in the narrow straits leading to the Atlantic wouldn't stop but could delay the rescue force, warns Navy Secretary Lehman. Delay, of course, could mean disaster.



Those submarines and attack boats worry Navy Secretary John F. Lehman Jr., who sees them as a "threat in a war in Europe" because of Cuba's strategic position at the Atlantic approaches of the Gulf of Mexico. In the event of a Soviet invasion of Europe, the West's strategy is for allied armies to hold the line against overwhelming Soviet manpower and armor until men and supplies arrive from the U.S. and start the counterattack. Naturally, the reinforcements have to get there on time; too little or too late, and the West loses Europe.

Explains Lehman: "Eighty-five percent of the Army's combat logistics come out of the Gulf ports." As the cargo ships move out of Galveston and Mobile and other ports, they will have to pass through the narrow Straits of Florida, between Cuba and the U.S., or the Windward Passage, between Cuba and the island of Hispaniola (Haiti and the Dominican Republic), to reach the Atlantic. There the Cubans could throw in their submarines and missile boats. Certainly the Navy could fight through, but Lehman says the delay could last days and cost some of the supplies destined for the Western front.

Couldn't the Navy have enough ships on hand to convoy the reinforcements through? The Navy wants its force up north, trying to keep the Russian submarine fleet from getting into position to attack the sea bridge. "As it is, we're well overcommitted without worrying about Cuba," he says. "The first way we can fail is by being spread too thin."

Of course, raising the Cuban specter may be part of the Navy's effort to keep a budget-worried Congress from stripping away some of the big fleet expansion. But Fidel Castro's Cuba should never be underestimated. Fidel has sent 70,000 Cubans around the world at a cost estimated by the U.S. at $1 billion. There are 20,000 soldiers and 6,000 civilians holding Angola, 11,000 soldiers in Ethiopia, 2,000 military and 6,000 civilians putting the backbone into Nicaragua's Marxists. He is working to build up pro-Soviet dictatorships in Grenada, the little island near Venezuela, and in Surinam, the ex-Dutch colony at the top of South America, and he supports the Marxists in El Salvador.

Dictators, of course, don't have to worry much about public opinion. Castro can do all this while any American efforts to counter Castro are met by strong opposition in Congress or among left-leaning intellectuals. Fidel is paunchy now and no longer disguising the fact that he runs a Soviet puppet state. But the years have also given him experience. He has faced a missile crisis and possible nuclear war, been hit by and launched covert and open invasions. He knows how far he can push the U.S.

For services rendered, Castro gets huge subsidies from the Soviet Union—$4 billion to $5 billion this year and climbing, with a good chunk of that in hard currency items such as the oil the Russians delivered to Cuba at discount rates.

Without all that aid, Cuba would soon collapse. Fidel's economy is sinking fast. By choosing the U.S.S.R. over the U.S., Castro locked Cuba away from what will always be its natural trading partner. He then intensified Cuba's dependence on sugar and on the Soviet bloc, which now accounts for 80% of the island's trade. That is the trouble.

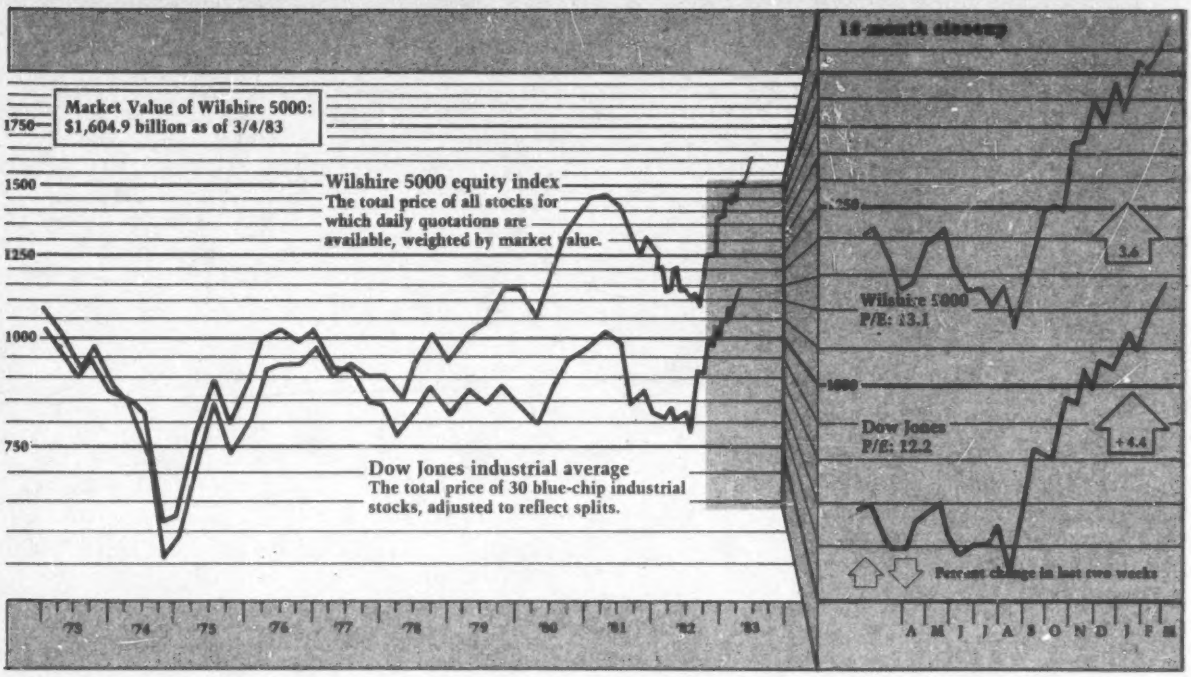
Production is up: 8.2 million metric tons of sugar in the 1981-82 crop year, compared with 6.7 million in 1979-80. But prices have collapsed: 29 cents a pound in 1980, 6 cents to 7 cents a pound last year and this, probably less than it costs Cuba to produce. Worse, Cuba is losing markets. The European Common Market countries took 800,000 tons of Cuban sugar before Castro. Now they not only take nothing, they export beet sugar themselves. In 1981 the EEC sold 4.5 million tons on the free market, hitting directly at the critical 20% of Cuba's trade that is done in hard currency.

The U.S. economic blockade is effective, too. A Cuban central bank report complains that U.S. pressures caused firms from six industrialized countries to suspend negotiations or cancel contracts for Cuban nickel. U.S. officials in Washington take credit for the failure of Cuba to rebuild a big-time tourist industry and for helping force the collapse of a Spanish firm that was building an electronics plant on the island.

But Fidel's worst problem may be socialism itself. As in the socialist motherland, there is no incentive to work or produce. The Cuban government says productivity is increasing. But a U.S. government Cuban expert says: "It's getting hard to sell that 'we're producing more and more, which is why we've got less and less.' " Rationed goods are cheap but allotments are low: 3 ounces of coffee a week, a quarter-pound of beans a week, 5 pounds of rice a month. Goods are available on a free market, but prices are high: $9 for a pound of coffee, $6 for a pound of beef, $14 for a T-shirt.

Looked at as "foreign aid," that $4 billion to $5 billion subsidy that keeps Fidel in power is a steep price for the Soviet Union. But looked at as military spending, Cuba is quite a bargain. ■

The Forbes/Wilshire 5000 Review



Uptown express. Although many of the experts were saying that a correction was overdue, the business news turned favorable, what with encouraging news on unemployment, new orders and production and a favorable interpretation of lower oil prices. Plus, the market continued its long rise, the Dow industrials rising a solid 4.4% in the last two weeks. Once again, the blue chip stocks rose more than the secondary issues: The Amex gained only 0.2%, the NASDAQ, 1.8%. The broadest index of all, the Wilshire, was up 3.6%. Optimists took cheer from the fact that the blue chip DJI still seemed in the vanguard—suggesting that the market advance has not yet entered a speculative phase. Weakness in energy and technology stocks held back the Amex and NASDAQ averages.

More difficult for the optimists, however, is this disconcerting fact: The average issue is now selling at a somewhat heady 13.1 times earnings. Only six months ago the P/E on the Wilshire was 9.2. So the market is approaching a P/E of 14—the same P/E as that of the lowest-ranked stock in Kidder, Peabody's Nifty Fifty stock list in September of 1982. The economic pickup now under way should narrow these P/Es, but it will have to be a powerful pickup indeed to justify further gains in stock prices.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	5.5	6.1	5.8	5.1	5.2	5.7
in last 52 weeks	41.9	39.8	41.3	40.4	53.5	52.9

Stock performance based on five key investor yardsticks

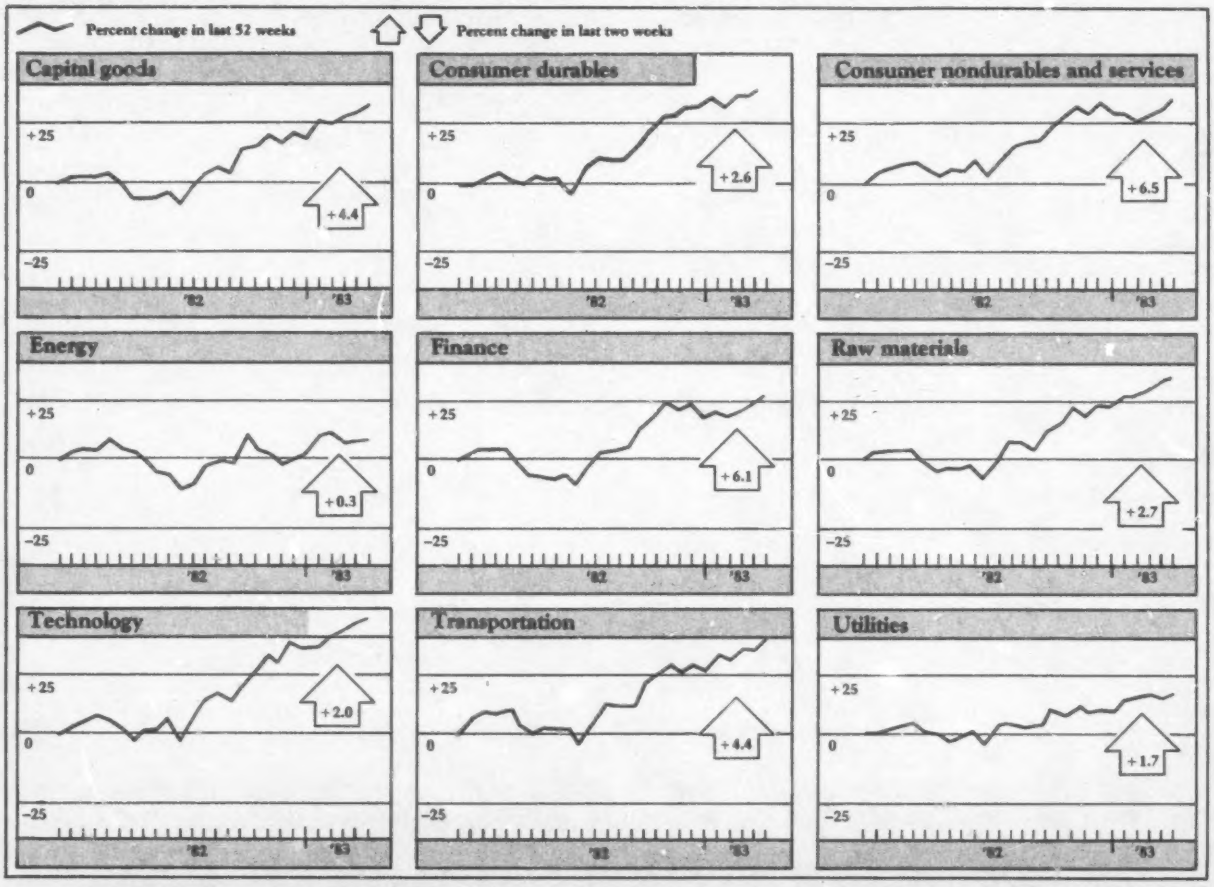
Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	6.4	4.2	5.7	9.9	3.8	9.2	4.8	4.9	8.5	6.4
in last 52 weeks	95.8	42.2	73.0	111.4	35.9	104.5	109.5	46.6	58.5	82.0

[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 3/4/83. Prepared by Wilshire Associates, Santa Monica, Calif.

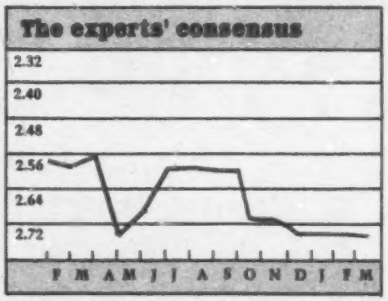
Where The Action Is

Almost everybody is a winner. Wall Street apparently decided lower fuel costs will put more money into consumers' pockets. Over the two weeks ended Mar. 4 the consumer nondurables sector gained 6.5%. Transportation companies, especially airlines, will also benefit from cheaper energy. The energy-sensitive transportation group pushed up 4.4%. Yet the market also seems to see a bottom in the price of a barrel of oil. Why? Because the finance sector, led by the banks, moved ahead 6.1% over the last two weeks despite the exposure of major banks to several debt-ridden oil exporters. Oils are another story. A drop in crude prices could help those who are net purchasers of crude, but the overall energy sector was limited to a modest gain of 0.3%.



What The Analysts Think

Inverse order. Over the last two weeks energy, utilities and technology were the poorest performing groups, in that order. On the other hand, the market seers obviously expect today's laggards to be tomorrow's stars. In the analysts' buy/sell opinions compiled by Wilshire Associates, these three sectors received top ranking.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Energy	2.67	1	1
2	Utilities	2.68	2	3
3	Technology	2.71	3	2
4	Capital goods	2.72	4	4
5	Transportation	2.73	6	6
6	Raw materials	2.77	5	5
7	Finance	2.80	7	7
8	Consumer nondurables	2.83	8	8
9	Consumer durables	2.75	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 3/4/83. Prepared by Wilshire Associates, Santa Monica, Calif.

The Money Men

pay for it," Johnson admits ruefully.

So in the last year or two, First Albany's research has gotten more practical. Using his expertise in defense contracts and technologies, analyst Fred Kittler has been ferreting out small, relatively unknown companies involved in those technologies. Among his finds: UTL Corp. (sales, $16.7 million), a tiny prime contractor for electronic warfare systems; Tech-Sym (sales, $60 million), which stands to benefit from the Navy's new Vertical Launching System; and Sippican Ocean Systems (sales, $16 million), which specializes in underwater electronics. These and other small defense stocks have done very well indeed in the recent market rally.

The defense specialty has also brought First Albany an unexpected dividend: underwriting business. Growing companies need capital. In the last two years, First Albany has done a private placement for Networks Electronic, a California maker of high-performance bearings, and it has co-managed public offerings for both CSP Inc., which makes high-speed number-crunching devices, and for Raymond Engineering, a manufacturer of military fuses and tape recorders.

To McNamee's pleasure, First Albany's revenues have trebled since 1978—to about $21 million—and are still climbing. Not all its business is defense-oriented, not by any means. But the defense thrust has given First Albany the kind of distinct identity a firm needs to survive. "The trick in the research business is to differentiate yourself," says one top Wall Street money manager. "By looking at small companies that no one else is, First Albany has made its name." ■

Statistical Spotlight

There are a few negatives in the picture, but the overall outlook for electric utility stocks continues to be good.

More power to them

By Paul Bornstein

THE LAST TIME FORBES turned the spotlight on utility stocks was in May 1981. It was a propitious moment to be thinking well of power companies. Since then the stocks that constitute the Dow Jones utilities group have outperformed the Dow Jones industrials by a margin of almost 2 to 1, the utilities having advanced 20.9%, the industrials 11.6%.

Investors interested in income should take a fresh look because, even after the strong rise in stock prices, the yield on utility stocks remains relatively high. The following group of 100 electric utilities is yielding 10.1%, vs. 4.9% for the Dow industrials. More important, several factors in the utilities' favor suggest that better times lie ahead. Lower interest rates and lower inflation mean lower expenses and lower capital costs. A reviving economy will require more electricity.

Perhaps the major weakness of utilities is that the regulatory environment is becoming rougher. With the drop in interest rates and inflation, many state regulatory bodies are likely to reduce the allowable return on equity. Thus, two-thirds of the firms in our table now have a regulatory ranking of C or less. The prospect of lower returns has prompted some

Power plays

These 100 utilities, except GPU (which indirectly owns Three Mile Island), offer high yields but differ in debt ratings, construction requirements, sources of energy and the toughness of their regulators.

Company	Price	Dividend	Yield	—Latest 12 months— earnings	P/E	Regulatory rank	% internal cash generation 1983-85 est	Bond rating S&P's	% AFDC to earnings	% oil to total fuel 1983 est*
Allegheny Power	24½	$2.40	9.8%	$3.41	7.2	C–	80%	**	12%	0%
American Elec Power	18¼	2.26	12.4	2.03	9.0	C	43	**	48	0
Arizona Public Service	25	2.52	10.1	3.30	7.6	C+	30	A–	67	2
Atlantic City Electric	22⅝	2.28	10.1	1.84	12.3	C+	77	A+	26	23
Baltimore Gas & Elec	30¼	2.84	9.4	4.07	7.4	C	65	AA	26	5
Boston Edison	28⅛	2.88	10.2	3.18	8.8	C	50	BBB	26	58
Carolina Power & Light	22½	2.40	10.7	3.17	7.1	C+	51	A–	82	0
Central Hudson G&E	25¼	2.60	10.3	3.91	6.5	B–	38	A–	48	91
Central Ill Light	21⅝	2.06	9.5	2.80	7.7	B–	89	AA–	18	0
Central Ill Public Serv	14⅝	1.48	10.1	1.81	8.1	B–	100	AA	37	0

*Including firm purchased power. **Holding company.

Source: Salomon Brothers

Statistical Spotlight

managers of big portfolios to sell their utility stocks.

The accompanying table lists all the major public utilities in the U.S. Except for General Public Utilities, all pay a dividend from Missouri Public Service's 7.7% to Duquesne Light's 12.5%. Mark Luftig of Salomon Brothers, which supplied the data, feels that at least 85% of the companies will increase their dividends this year.

A well-run utility, according to an industry rule of thumb, should have reserve generating capacity of 20% over peak demand. With demand slow these days, the reserve capacity of these utilities averages an inefficient 40%. Moreover, many of them are either at or near completion of large construction programs. The good news in this is that over the next few years there should be less need to borrow money for construction.

Minnesota Power & Light, for example, should have an easy time meeting its capital needs. It's likely to generate $1.81 for every construction dollar it will have to spend through 1985. Thus MP&L should have little need for its investment bankers over the next few years. That's a plus for MP&L's dividend rate.

With most utilities facing reduced construction, the allowance for funds used during construction (AFDC) should also decline. AFDC has the effect of boosting the reported earnings of companies doing a lot of building. But it's a noncash item, a bookkeeping transaction, and it lowers earnings "quality." Our table shows AFDC as a percentage of latest 12-month earnings. There is a strong correlation between AFDC and S&P's debt ratings: The higher the AFDC, the lower the debt rating.

But keep in mind that a high ratio of AFDC to earnings can have its advantages. It usually means that a substantial part of a utility's dividend pay-

Power plays

Company	Price	Dividend	Yield	—Latest 12 months— earnings	P/E	Regulatory rank	% internal cash generation 1983-85 est	Bond rating S&P's	% AFDC to earnings	% oil to total fuel 1983 est*
Central Maine Power	15⅝	$1.88	12.0%	$2.02	7.7	C–	36%	BBB+	65%	30%
Central & South West	17¼	1.78	10.3	2.82	6.1	B–	50	**	37	0
Central Vt Public Serv	22	2.26	10.3	3.79	5.8	C+	38	BBB	42	12
Cincinnati Gas & Elec	17⅞	2.16	12.1	2.75	6.5	C	82	A	52	1
Cleveland Elec Illumin	20⅛	2.28	11.3	3.01	6.7	C	50	A	60	0
Commonwealth Edison	27¼	3.00	11.0	3.75	7.3	B–	50	BBB+	86	6
Commonwealth Energy	19	1.96	10.3	2.45	7.8	C+	110	**	53	74
Consolidated Edison	21	1.88	9.0	3.55	5.9	B–	92	AA	4	41
Consumers Power	20¾	2.44	11.8	3.16	6.6	D	40	BBB–	99	1
Dayton Power & Light	17⅛	2.00	11.7	2.65	6.5	C	86	BBB+	67	1
Delmarva Power & Light	16½	1.64	9.9	2.13	7.7	C+	133	AA–	10	16
Detroit Edison	14⅜	1.68	11.7	1.75	8.2	D	63	BBB	138	6
Duke Power	22¾	2.28	10.0	3.07	7.4	C+	87	A+	68	0
Duquesne Light	16	2.00	12.5	1.96	8.2	C–	37	BBB+	52	2
Eastern Utilities	14⅜	1.70	11.6	2.25	6.5	C+	43	**	95	57
El Paso Electric	13⅜	1.34	10.0	2.30	5.8	B	11	A	111	2
Empire District Elec	14½	1.52	10.5	2.11	6.9	E+	65	A	1	1
Florida Power & Light	38	3.36	8.8	4.77	8.0	B	50	A+	40	40
Florida Progress Corp	18⅞	1.92	10.2	2.20	8.6	B	89	A+	51	28
General Public Util	7¾	0.0	0.0	0.55	14.1	C	82	**	47	2
Gulf States Utilities	13½	1.56	11.6	1.95	6.9	C+	25	BBB	74	1
Hawaiian Electric	32¾	3.00	9.2	2.35	13.9	B–	109	A+	3	100
Houston Industries	19¾	2.16	10.9	3.77	5.2	B+	43	**	28	1
Idaho Power	30½	2.88	9.4	4.71	6.5	C–	62	A	11	0
Illinois Power	23⅜	2.48	10.6	3.04	7.7	B–	67	AA–	54	1
Indianapolis P&L	27½	2.76	10.0	3.41	8.1	B+	42	AA	41	1
Interstate Power	16½	1.74	10.6	2.46	6.7	C–	95	A+	2	0
Iowa Electric L&P	16¾	1.78	10.6	2.19	7.6	C–	63	A	23	0
Iowa-Illinois G&E	23⅞	2.48	10.4	3.95	6.0	C	119	AA	62	0
Iowa Public Service	23⅛	2.48	10.7	2.97	7.8	C–	100	AA	25	1
Iowa Resources	27¼	2.92	10.7	3.66	7.4	C–	135	**	52	1
Iowa Southern Util	31⅜	3.00	9.6	5.25	6.0	C–	102	AA	3	1
Kansas City P&L	28⅜	3.16	11.0	4.18	6.8	D	35	BBB	111	1
Kansas Gas & Electric	20¼	2.24	11.1	3.00	6.8	C	33	BBB	122	0
Kansas Power & Light	25⅜	2.56	9.7	3.60	7.3	C	65	AA	44	1
Kentucky Utilities	21⅜	2.28	10.7	2.78	7.7	C+	75	A+	0	0
Long Island Lighting	16½	2.02	12.2	2.70	6.1	B–	63	BBB	111	68
Louisville G&E	21⅝	2.30	10.6	2.21	9.8	C+	55	AA	0	0
Madison Gas & Electric	19½	1.92	9.9	2.05	9.5	B	104	AA	0	0
Middle South Utilities	15⅞	1.70	10.7	2.29	6.9	C–	50	**	106	5

*Including firm purchased power. **Holding company.

Source: Salomon Brothers

Statistical Spotlight

ment—in some cases all of it—is a return of capital and is thus tax-deferred. Take Public Service of New Hampshire. Its ratio is 1.28, and the company has a low BB+ S&P's bond rating. The dividend of $2.12 is tax-deferred. Thus an investor in the 50% tax bracket receives an equivalent yield of 23%.

Consumers are likely to benefit from reduced oil prices as fuel-price adjustments moderate. But so will utilities like Central Hudson Gas & Electric, Hawaiian Electric and United Illuminating, which are more heavily dependent on oil than most other companies.

All things considered, Salomon Brothers' Luftig believes that dividends can rise 5½% to 6% per year. Not bad, if inflation stays low. ■

Power plays

Company	Price	Dividend	Yield	—Latest 12 months— earnings	P/E	Regulatory rank	% internal cash generation 1983-85 est	Bond rating S&P's	% AFDC to earnings	% oil to total fuel 1983 est*
Minnesota P&L	23⅞	$2.40	10.1%	$3.51	6.8	C+	181%	A+	2%	0%
Missouri Public Service	14½	1.12	7.7	2.10	6.9	E	71	**	31	0
Montana-Dakota Utilities	26¾	2.24	8.5	4.07	6.5	C–	54	A	11	1
Montana Power	26¼	2.68	10.2	3.97	6.6	D	69	A	36	0
Nevada Power	27¼	2.64	9.7	3.67	7.4	C+	40	BBB	24	0
New England Electric Sys	35⅝	3.20	9.0	4.65	7.7	C+	71	**	41	20
New York State E&G	21½	2.20	10.2	3.36	6.4	B–	25	BBB+	37	0
Niagara Mohawk Power	16	1.80	11.3	2.64	6.1	B–	36	A–	38	19
Northeast Utilities	12⅝	1.38	10.9	1.79	7.1	C+	23	**	60	38
Northern Ind Pub Serv	13	1.50	11.5	0.90	14.4	B+	30	A	67	1
Northern States Power	31¾	2.74	8.6	4.79	6.6	C+	95	AA	13	0
Northwestern Pub Serv	19¾	2.00	10.2	2.07	9.5	D	150	**	5	0
Ohio Edison	15⅝	1.80	11.5	1.89	8.3	C	26	BBB–	89	0
Oklahoma Gas & Elec	18¾	1.84	9.8	2.57	7.3	C	79	AA	18	0
Orange & Rockland Util	19¾	1.80	9.1	2.59	7.6	B–	88	A+	8	64
Otter Tail Power	22⅞	2.40	10.5	2.92	7.8	C	94	A	6	0
Pacific Gas & Electric	30¾	3.00	9.8	4.91	6.3	B–	91	A	54	4
Pacific Power & Light	21⅛	2.16	10.2	3.03	7.0	C+	63	BBB	32	0
Pennsylvania P&L	23⅜	2.40	10.2	3.35	7.1	C–	79	BBB	113	10
Philadelphia Electric	17⅛	2.12	12.4	2.39	7.2	C–	50	BBB–	76	8
Portland General Elec	15⅞	1.74	11.0	3.02	5.3	C+	68	BBB–	50	2
Potomac Elec Power	18¼	1.78	9.8	2.27	8.0	C–	80	AA–	10	15
Public Serv of Colo	17⅜	1.76	10.1	2.17	8.0	C	80	A	14	0
Public Serv E&G	23½	2.56	10.9	3.24	7.3	C+	50	AA–	34	10
Public Serv of Indiana	25¼	2.76	10.9	4.55	5.5	B+	4	BBB+	91	0
Public Serv of NH	18½	2.12	11.5	2.73	6.8	C	29	BB+	128	50
Public Serv of NM	27	2.80	10.4	3.22	8.4	C+	41	A	53	0
Puget Sound P&L	15¾	1.76	11.2	2.29	6.9	C+	22	BBB	82	1
Rochester Gas & Elec	17½	1.84	10.5	2.81	6.2	B–	40	A–	42	15
San Diego G&E	18¾	1.82	9.7	2.90	6.5	B–	54	BBB	52	32
Savannah E&P	13⅛	1.28	9.8	1.40	9.4	D	64	BBB–	71	4
Sierra Pacific Power	13⅝	1.46	10.7	1.81	7.5	C+	39	BBB	15	0
South Carolina E&G	20	2.00	10.0	2.32	8.6	B–	119	A–	68	0
Southern Cal Edison	36⅞	3.52	9.6	5.13	7.2	C–	40	AA	59	1
Southern Company	16	1.70	10.6	2.26	7.1	D	55	**	34	0
Southern Indiana G&E	26¼	2.28	8.7	3.42	7.7	B+	50	AA	10	0
Southwestern Pub Serv	16⅜	1.62	9.9	2.27	7.2	B	55	AA	43	0
Teco Energy	21¼	1.88	8.6	2.49	8.5	B	43	**	33	19
Texas-New Mexico Power	22⅝	2.26	10.0	3.61	6.3	B+	63	**	9	***
Texas Utilities	23	2.20	9.6	3.85	6.0	B+	60	**	30	1
Toledo Edison	21⅜	2.44	11.4	3.18	6.7	C	39	BBB+	84	0
Tucson Electric Power	26½	2.20	8.3	3.01	8.8	C+	47	A+	18	0
Union Electric	15	1.64	10.9	2.17	6.9	E	13	BBB–	121	1
United Illuminating	28	3.08	11.0	5.39	5.2	C+	41	BB+	76	92
Utah Power & Light	22⅝	2.28	10.1	2.45	9.2	B	66	A	41	1
Virginia Elec & Power	14⅞	1.60	10.8	1.90	7.8	C	48	A	40	6
Washington Water Power	21½	2.48	11.5	3.17	6.8	C	28	BBB+	46	5
Wisconsin Elec Power	23¼	1.94	8.3	3.60	6.5	B	92	AA	6	1
Wisconsin P&L	24⅜	2.32	9.5	3.51	6.9	B	82	AA	6	0
Wisconsin Public Serv	24½	2.12	8.7	3.14	7.8	B	127	AA	9	0

*Including firm purchased power. **Holding company. ***Principally purchased power. *Source: Salomon Brothers*

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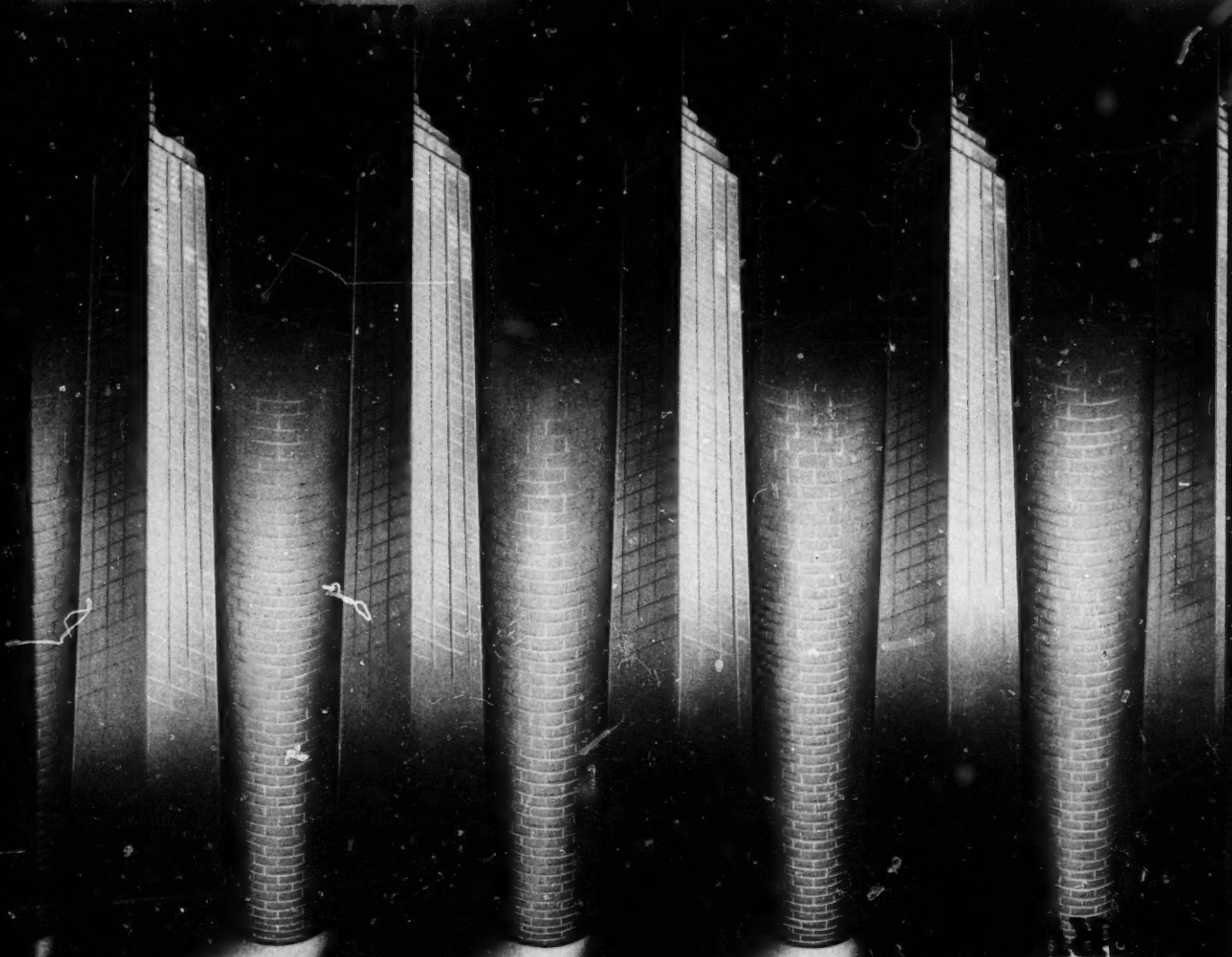

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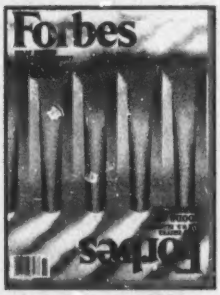
April 11, 1983
Volume 131,
Number 8



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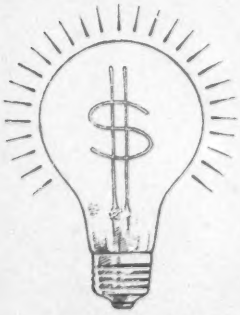

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Illustrations and Charts:
50, Jeff Danziger; 51, 108, Chas. B. Slackman; 156, B. Conrad

Cover Illustration: Kinuko Y. Craft

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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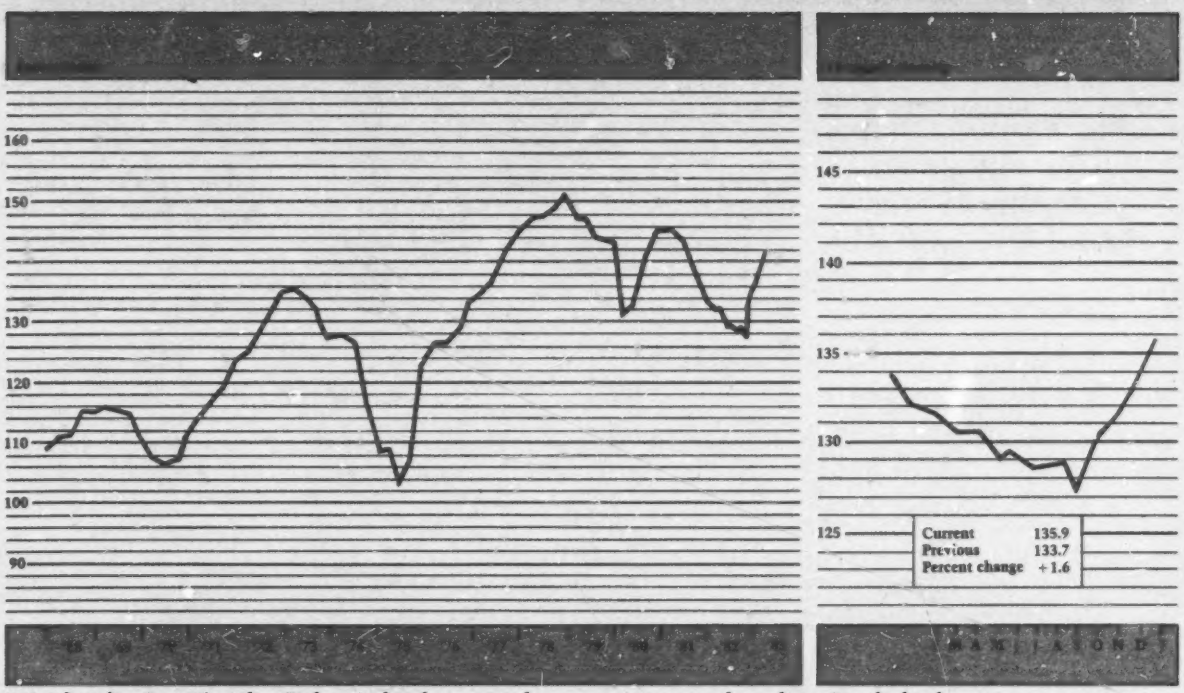
The Forbes Index



Catching its breath. The Forbes Index has posted another gain, for the sixth time in a row. Although the 1.6% rise almost certainly means that a recovery is in the offing or has already begun, the momentum is slowing. This indicates that the easy progress has already been made.

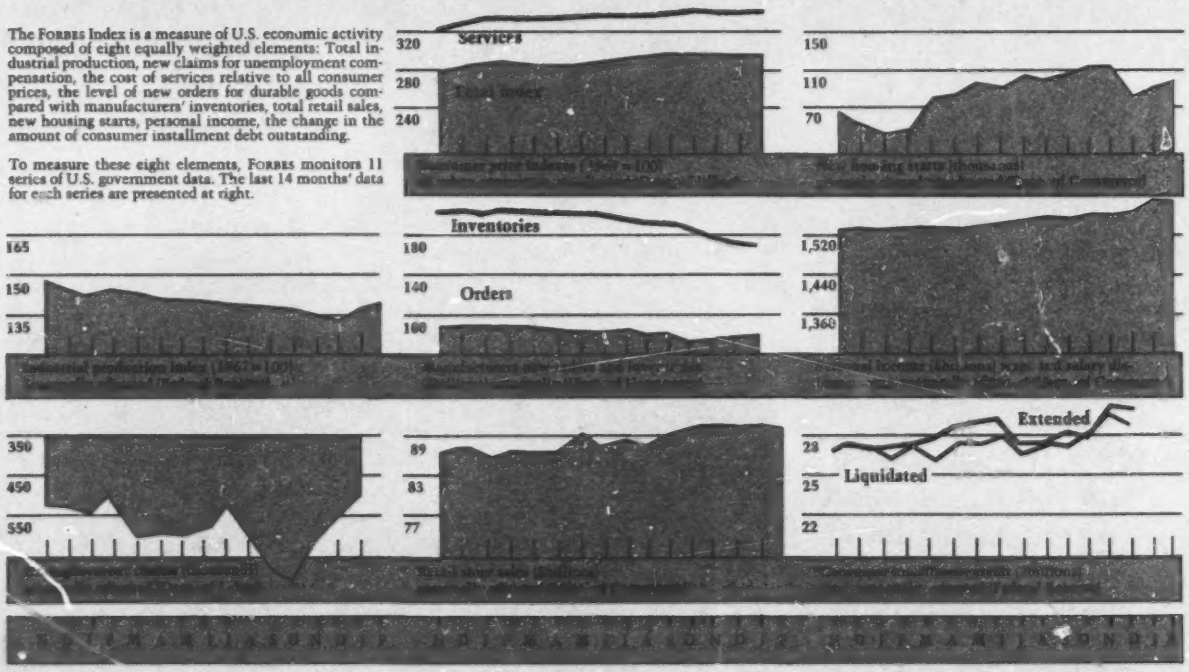
Industrial production, for example, increased by 0.3% during the latest reporting period, compared with a 1.3% gain a month earlier. Similarly, housing starts were up 3.3% following an 11.3% jump in January. This is good news, even though cold weather construction statistics can be misleading.

Consumers are not spending as they did earlier. That's because personal income fell 0.1% after rising 1.0% during the first month of the year. As a result, retail store sales dropped 0.4% from the January level.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



While the Cassandras wail of defaults and bankruptcies, bank stocks dance to a merry tune. What's going on here?

Nearer, my God, to Thee?

By Ben Weberman and Robert McGough

IT REMINDS US of those grim jokes about rearranging the deck chairs on the *Titanic*. At a time when a good many people think the banks will never again see billions of dollars that they so airily lent to foreign countries, the bankers, nothing if not resourceful, have figured a way to reshuffle the doubtful loans in such a manner as to help ensure the banks a banner year for 1983.

How can that be? It's really very simple. Manufacturers Hanover (assets: $64 billion) shows how this works. Manny Hanny had about $1.7 billion at risk in Mexico, but since the Mexicans couldn't pay the short-term loans, the bank, like its colleague banks, agreed to "convert" about half the Mexican paper into much longer paper (eight years). In return, the Mexicans agreed to increase the interest rate from 0.6% above the London interbank rate to 2.25% over. Of course, Manny Hanny isn't getting cash; it simply tacks the interest on to the existing debt. Never mind: Whether cash or not, the higher interest can be carried right to the bottom line. From Mexico alone Manny Hanny stands to benefit to the tune of $15 million or so this year. Meanwhile, all the banks are benefiting from the well-known stickiness of interest rates on the downside. Almost across the board—in loans to corporate customers and individuals as well—the banks are seeing to it that the interest rates they charge are dropping more slowly than the interest rates they pay for money.

Are the stockholders getting an honest count in all this? It depends on what happens to the world economy and in world politics. Since no one can predict the future, the banks are justified in assuming things will come out right in the end. They usually do.

But what about writeoffs on loans that have clearly gone bad? Oh, there will be plenty of them, but so far, at least, the banks have easily handled them out of accumulated loan-loss reserves. The reserves are established in good earnings years when a few million dollars taken out of profit don't mean much. Fortunately for the banks, they don't have to mark their foreign loans down to anything like true market value. See what we mean about rearranging the deck chairs to divert the passengers from that gaping hole in the hull?

So, now you know why the stocks

A few superlatives

Performance highlights drawn from the tables on the following pages

Biggest-fastest			Smallest-slowest	
Citicorp (NY)	$129,997	Total bank assets[1]—1982	Equimark (Pa)	$3,215
Republic New York (NY)	35.4%	Growth of assets[2] Industry median: 11.7%	First Pennsylvania (Pa)	– 8.5%
State Street Boston (Mass)	59.9%	Growth of earnings per share[2] Industry median: 10.3%	Seafirst (Wash)	P–D
Allied Bancshares (Tex)	25.3%	Four-year return on equity Industry median: 14.5%	First Pennsylvania (Pa)	–12.4%
Trust Co of Georgia (Ga)	7.20%	Net interest margin—1982 Industry median: 4.57%	First Chicago (Ill)	2.23%
JP Morgan (NY)	$39,118	Value of managed trust assets[1]	Marine Midland (NY)	$3,371
California Federal S&L (Cal)	1.85%	S&Ls' spread between earnings assets and cost of funds	Gibraltar Savings (Tex)	–0.85%

[1]Dollar value in millions. [2]Compounded annual rate 1978/82. P–D: Profit to deficit.

1983 Annual Banking Survey

100 largest bank holding companies: a statistical profile

Rank	Total assets	Total deposits	Nonperform assets % total assets	Total loans	Loan loss res a. % of loans	Total invest-ments	Standby letters of credit	Total capital	Long-term debt % capital	Total operating income	Net income[4]	Company and headquarters
	1982 size measures ($millions)											
1	$129,997	$76,538	1.4%	$86,524	0.9%	$4,771	$15,313	$15,381	68.4%	$17,814	$747.0	Citicorp (NY)
2	122,221	94,342	2.1	74,591	0.9	7,149	6,795	6,761	32.3	14,955	388.8	BankAmerica (Cal)
3	80,863	56,858	1.9	55,156	1.1	4,130	5,300	4,611	28.7	10,171	332.5	Chase Manhattan (NY)
4	64,041	43,825	1.5	42,514	0.9[5]	2,527	7,700	4,278	41.8	7,640	296 3	Mfrs Hanover (NY)
5	58,597	37,910	0.9	31,495	1.1[5]	6,112	5,600	3,419	20.7	6,885	441.7	JP Morgan (NY)
6	48,275	27,998	1.7	29,768	1.1	3,802	6,140	2,546	23.6	5,515	269.1	Chemical New York (NY)
7	42,899	28,175	4.5	32,820	1.1	2,065	4,340	2,982	42.7	5,900	84.4	Continental Illinois (Ill)
8	40,884	30,542	2.8	22,893	1.2	4,164	1,600	2,792	35.9	4,608	228.4	First Interstate Bncp (Cal)
9	40,427	24,493	1.4	21,034	1.2[5]	1,755	5,638	1,996	22.1	4,639	228.5	Bankers Trust NY (NY)
10	36,991	25,848	2.2	24,927	1.3[5]	1,920	2,253	2,806	46.9	4,491	234.1	Security Pacific (Cal)
11	35,876	27,419	2.4	21,830	1.0[5]	1,315	3,233	2,178	31.5	4,402	144.0	First Chicago (Ill)
12	24,939	18,195	3.1	16,131	1.0	703	1,909	1,393	15.3	2,894	71.1	Crocker National (Cal)
13	24,814	18,180	2.3	18,838	1.0	604	824	2,482	55.7	3,290	141.8	Wells Fargo (Cal)
14	21,030	14,405	2.1	12,654	1.3	3,230	1,024	1,627	31.5	2,416	222.9	InterFirst (Tex)
15	20,294	12,328	1.7	11,365	1.6[5]	1,407	929	1,561	31.6	2,355	142.7	Mellon National (Pa)
16	20,239	15,057	2.1	12,182	1.2	1 379	1,055	1,489	40.7	2,412	88.4	Marine Midland Banks (NY)
17	19,514	14,153	1.1	9,975	1.4[5]	1,025	1,109	1,127	30.6	2,277	82.6	Irving Bank (NY)
18	18,267	11,674	1.7	10,335	1.2	1,390	1,013	1,295	31.7	2,745	129.1	First Natl Boston (Mass)
19	18,217	13,212	1.0	9,760	1.3	2,350	490	974	10.5	1,798	170.0	Texas Comm Bancshs (Tex)
20	17,585	11,971	1.6	10,674	1.3	2,554	519	2,183	51.8	2,081	114.1	Northwest Bancorp (Minn)
21	17,218	11,942	1.5	9,950	1.3	2,545	688	1,192	25.5	1,934	156.7	RepublicBank (Tex)
22	16,899	11,877	2.2	9,161	1.1	2,656	1,102	1,352	31.9	1,961	115.9	First Bank System (Minn)
23	16,567	13,355	1.8	9,366	1.4[5]	2,374	900	1,014	12.5	1,729	132.9	First City Bancorp (Tex)
24	12,724	8,873	2.1	7,496	0.9	1,022	561	608	16.9	1,523	74.3	Bank of New York (NY)
25	12,407	8,580	1.3	5,684	1.2	1,809	317	871	13.9	1,406	77.4	NBD Bancorp (Mich)
26	11,611	7,401	0.9	5,384	1.5	1,804	566	859	20.1	1,307	115.7	PNC Financial (Pa)
27	11,560	7,922	1.3	5,559	1.4	1,955	237	801	33.8	1,073	77.0	NCNB (NC)
28	10,190	7,332	1.6	6,612	1.5[5]	1,291	672	725	23.9	1,142	103.3	Mercantile Texas (Tex)
29	10,028	8,175	8.0	7,226	2.4	421	285	580	21.1	1,398	–90.2	Seafirst (Wash)
30	9,280	6,770	0.5	2,536	1.6	1,229	84	767	38.9	1,249	75.2	Republic New York (NY)
31	8,325	5,756	3.6	5,551	1.0	375	1,067	465	23.1	1,061	28.9	European American[6] (NY)
32	7,545	5,436	1.3	4,302	1.1	584	405	403	13.6	859	31.0	Union Bank[6,7] (Cal)
33	7,378	5,872	1.1	3,088	1.1	1,299	145	412	6.8	752	42.1	Comerica (Mich)
34	7,274	5,521	1.1	3,573	1.3	930	111	593	27.4	845	48.7	Southeast Banking (Fla)
35	7,183	5,513	1.5	4,211	1.1[5]	1,034	87	411	0.0	807	51.0	Valley National (Ariz)
36	7,137	4,897	1.2	3,988	0.9	488	461	408	6.4	918	40.1	Harris Bankcorp (Ill)
37	6,932	5,759	0.5	3,385	1.4[5]	1,604	50	511	24.1	791	64.6	Barnett Banks of Fla (Fla)
38	6,927	5,770	1.3	3,925	1.2	891	120	503	22.9	773	67.3	Southwest Bancshs (Tex)
39	6,916	4,933	1.1	3,668	1.3	919	95	445	3.1	810	77.7	Wachovia (NC)
40	6,823	4,488	1.3	2,972	1.5	1,425	272	483	18.2	661	46.7	National City (Ohio)
41	6,807	5,219	2.4	4,082	1.1[5]	682	265	386	3.6	818	21.0	Natl Bank N Amer[6,7] (NY)
42	6,647	2,280	1.5[8]	4,669	2.9	306	181[8]	1,205	66.8	886	16.4	Walter E Heller Intl[9] (Ill)
43	6,504	5,544	3.5	4,406[5]	1.1[5]	647	126	438	21.1	789	3.3	Michigan National (Mich)
44	6,301	4,172	1.0	3,154	1.3	571	247	524	24.9	770	60.5	Philadelphia Natl (Pa)
45	6,253	4,369	2.2	3,399	1.0	568	325	368	8.1	826	33.6	Northern Trust (Ill)
46	6,168	3,673	0.8	2,886	1.6	999	56	357	22.0	663	50.0	First Union (NC)
47	6,011	4,971	1.9	3,985	1.9[5]	1,159	143	409	9.8	718	86.7	Allied Bancshares (Tex)
48	6,005	4,286	1.0	3,299	1.4[5]	1,127	40	452	26.7	635	51.5	Citizens & Sthrn Ga (Ga)
49	5,865	4,260	2.2	4,026	1.2	371	155	439	18.1	732	39.2	Rainier Bancorp (Wash)
50	5,822	4,495	2.2	3,062	1.0	1,777	121	352	6.9	661	26.4	BancOhio (Ohio)

[1]Four-year average is a compounded annual rate: 1978/82. [2]From continuing operations after security gains or losses excluding gain on sale of operations and extraordinary items. [3]Net interest income on a tax-equivalent basis as a percent of average earning assets. [4]From continuing operations before security gains or losses excluding gain on sale of operations and extraordinary items.

Growth measures[1]							Profitability & cost measures			Stock data			
Average assets		Equity per share		Earnings per share[2]		Dividend	Return	Net int	Overhead				
4-year average	1982 vs 1981	4-year average	1982 vs 1981	4-year average	1982 vs 1981	4-year average	on equity 4-yr avg	margin[3] 1982	times NI 1982	Recent price	1982 EPS[2]	P/E ratio	Current yield
11.4%	4.8%	9.8%	10.8%	10.3%	33.3%	10.3%	15.0%	3.49%	4.7	39⅝	$5.60	7.1	4.3%
10.1	6.2	8.6	4.5	–6.5	–13.6	10.5	14.8	3.10	7.7	20⅞	2.61	8.0	7.3
8.9	2.9	9.4	3.9	8.7	–33.1	11.5	14.5	3.37	6.9	52	7.73	6.7	6.7
14.1	6.8	8.4	7.9	8.6	26.1	8.9	14.0	3.10	4.5	43¼	7.78	5.6	7.0
14.7	8.9	10.7	10.3	10.8	10.9	11.5	15.6	2.69	1.8	72½	9.53	7.6	5.1
9.6	5.8	8.3	7.7	16.8	1.6	8.8	14.7	3.86	4.7	47⅝	8.41	5.7	6.8
14.1	3.8	8.2	–0.9	–18.8	–69.7	10.3	13.4	2.48	8.6	22⅞	1.95	11.7	8.7
12.7	14.2	10.7	6.3	5.2	–8.2	14.1	16.1	4.69	5.7	37⅝	5.35	7.0	5.7
9.9	10.2	10.8	10.6	21.5	1.2	8.1	16.6	2.83	3.6	40⅞	6.97	5.9	5.5
14.8	14.3	12.1	11.8	10.9	11.2	11.9	17.1	3.91	4.7	45	7.84	5.7	5.3
11.6	14.8	4.4	5.3	0.4	11.7	4.0	8.9	2.23	4.5	21⅛	3.33	6.3	5.7
16.1	20.3	10.9	5.9	–10.6	–10.0	8.0	11.7	3.71	9.9	28½	3.62	7.9	8.4
10.5	2.5	9.1	10.0	4.3	9.0	9.6	14.5	4.06	6.0	28¾	5.81	4.9	6.7
16.1	16.8	13.6	15.0	18.9	22.2	18.0	19.7	4.69	2.0	21⅞	3.80	5.8	5.5
16.7	15.7	8.5	9.1	13.0	16.2	9.6	13.2	3.32	2.9	45⅞	6.83	6.7	5.3
11.0	5.6	6.4	7.5	23.5	7.1	11.8	9.8	3.51	5.6	23⅞	4.54	5.3	5.9
10.2	3.7	10.6	7.6	9.8	–17.2	10.7	15.3	3.15	5.5	46	9.13	5.0	7.7
12.0	9.9	11.1	13.2	18.3	6.7	10.8	15.4	4.17	4.4	39¾	6.67	6.0	5.3
19.3	23.8	16.8	18.6	22.9	20.5	15.9	21.5	4.55	1.9	38⅛	5.35	7.1	3.4
11.7	11.3	7.9	3.2	–3.6	–20.0	11.2	13.6	4.43	6.2	27¼	3.08	8.8	6.6
16.4	16.5	12.9	12.7	19.5	11.9	19.9	17.1	4.32	2.3	33⅞	5.18	6.5	4.8
13.3	14.8	10.0	10.5	6.3	20.1	9.4	14.5	3.68	3.6	43	7.66	5.6	6.5
17.3	18.2	15.7	17.9	13.8	–13.7	18.4	18.5	4.48	3.1	22¼	3.52	6.3	5.8
17.2	9.0	7.1	9.2	13.3	19.8	7.4	14.3	4.05	5.0	52	10.18	5.1	6.5
10.0	7.4	7.8	8.8	4.3	26.0	6.1	11.8	3.64	3.5	31½	6.69	4.7	6.6
16.6	10.8	10.6	11.2	16.8	8.1	NC	16.2	4.29	2.7	35¼	5.09	6.9	5.4
13.0	9.9	12.8	15.2	15.0	23.7	11.9	16.0	4.64	3.2	22⅛	3.18	7.0	4.5
17.2	24.5	14.6	15.8	17.9	27.7	14.1	19.3	5.01	2.4	28¼	4.15	6.8	4.2
14.3	9.2	2.6	–20.5	P–D	P–D	11.6	8.0	3.88	—	14½	–5.66	def	3.3
35.4	27.5	19.2	14.1	22.3	–6.1	30.7	23.8	2.96	2.0	42¼	5.26	8.0	3.6
10.5	0.8	13.5	6.7	21.2	–8.7	—	10.0	3.79	7.1	—	—	—	—
7.6	4.9	9.4	5.7	1.5	5.4	—	11.0	4.76	8.1	—	—	—	—
10.5	12.4	5.8	1.8	–2.8	9.5	8.7	11.3	3.57	4.8	25¼	3.91	6.5	7.9
14.9	10.0	7.7	8.0	7.2	–10.8	18.9	14.8	5.15	5.4	21⅛	2.81	7.5	4.7
14.1	12.6	12.5	8.2	5.3	–7.4	12.7	17.5	4.54	5.0	19	3.00	6.3	6.1
7.9	7.3	5.6	5.6	7.3	23.7	7.3	9.4	3.11	5.7	32	5.42	5.9	6.9
20.5	34.4	12.1	10.4	17.4	11.3	17.9	16.6	6.35	5.0	30	3.46	8.7	3.6
17.0	16.1	12.1	14.6	18.4	28.7	13.1	16.7	5.13	2.7	23⅛	4.31	5.4	5.9
12.9	14.0	9.7	8.4	10.5	3.1	18.9	14.3	5.51	4.1	36⅞	3.33	11.1	3.8
12.7	12.3	7.3	7.2	–0.3	10.0	5.7	13.1	4.07	3.5	35¼	5.62	6.3	7.8
13.8	14.4	10.6	4.9	–1.4	36.7	—	5.4	3.97	11.7	—	—	—	—
9.5	7.2	4.7	–0.7	–18.0	57.6	5.5	9.0	5.19[9]	3.2[8]	30¼	1.34	22.6	4.3
8.3	8.0	6.7	–2.7	–46.8	–91.0	15.1	10.7	4.50	57.3	16¼	0.30	54.2	7.4
5.4	2.6	8.2	10.7	15.2	58.7	9.2	12.9	5.46	4.0	54¾	9.73	5.67	6.2
9.5	6.6	6.8	6.0	5.8	–8.2	11.0	11.0	3.31	5.8	47½	6.71	7.1	5.7
17.0	18.8	10.9	12.4	14.6	41.8	8.3	16.3	4.88	4.1	28¾	4.31	6.6	4.3
25.4	28.9	18.7	20.0	19.6	17.3	29.9	25.3	6.38	1.9	22¼	2.78	8.0	3.6
7.8	8.7	13.7	13.3	47.8	14.4	NM	15.6	5.80	4.6	12⅞	1.67	7.7	4.3
10.2	9.0	9.6	6.9	2.6	–8.9	13.0	14.0	5.31	5.5	28⅞	4.12	7.0	5.5
8.6	12.3	4.3	4.6	–7.0	–19.1	–4.6	7.5	4.39	9.0	17	2.76	6.2	5.9

[5]Includes leases. [6]Company not publicly traded; stock data not available. [7]Bank only; not organized as a holding company. [8]Bank only. [9]Includes results of nonbank operations where applicable. [10]Three-year average. P-D: profit to deficit. D-P: deficit to profit. D-D: deficit to deficit. def: deficit. NA: not available. NC: not comparable. NM: not meaningful.

1983 Annual Banking Survey

100 largest bank holding companies: a statistical profile

Rank	1982 size measures ($millions) Total assets	Total deposits	Nonperform assets % total assets	Total loans	Loan loss res as % of loans	Total invest-ments	Standby letters of credit	Total capital	Long-term debt % capital	Total operating income	Net income[4]	Company and headquarters
51	$5,756	$4,077	3.1%	$3,495	1.0%	$ 667	$ 58	$668	33.2%	$690	$ 52.2	US Bancorp (Ore)
52	5,753	4,160	2.6	3,358	1.3	1,086	88	604	0.0	624	56.1	AmeriTrust (Ohio)
53	5,691	3,713	1.4	2,598	1.4	683	147	393	22.1	603	42.8	Mercantile Bancorp (Mo)
54	5,433	3,496	4.1	3,046	1.8	884	87	887	78.5	636	–18.8	First Pennsylvania (Pa)
55	5,376	3,960	1.7	2,896	1.5[5]	839	65	372	27.1	614	35.4	Shawmut (Mass)
56	5,284	4,078	1.2	2,970	1.0	794	118	318	14.7	589	12.2	Manufacturers Natl (Mich)
57	5,245	3,955	2.3	2,742	1.9	724	53	336	26.7	438	29.2	Huntington Bancshs (Ohio)
58	5,122	3,494	2.2	2,495	1.3[5]	884	200	382	24.2	617	23.2	Centerre Bancorp (Mo)
59	5,070	3,691	1.7	2,822	1.6	615	115	344	21.1	460	31.9	CBT (Conn)
60	5,065	4,089	1.0	2,685	1.5	868	165	311	18.7	642	35.4	Bank of New England (Mass)
61	5,055	2,926	1.4	2,770	1.2	538	73	489	34.5	544	42.2	Maryland National (Md)
62	5,029	3,896	0.9	2,407	1.3	1,096	49	450	19.5	605	62.1	Banc One (Ohio)
63	5,004	4,095	0.3	2,265	1.2	1,219	44	369	17.2	529	38.7	Sun Banks of Florida (Fla)
64	4,868	3,641	0.3	2,389	1.2	1,288	59	291	14.3	465	34.9	First Natl St Bancorp (NJ)
65	4,848	3,444	0.9	3,338	1.3	502	211	376	21.5	524	44.4	United Virginia Bshs (Va)
66	4,836	3,533	2.4	3,015	1.1	604	187	318	21.3	573	29.9	First Wisconsin (Wisc)
67	4,812	3,171	3.5	3,231	1.4	390	200	397	24.4	573	31.9	Girard (Pa)
68	4,717	3,662	0.9	2,836	1.1	825	118	411	31.3	549	43.7	Texas Amer Bancshs (Tex)
69	4,609	3,319	3.1	2,714	1.2	582	58	538	37.8	532	44.5	First Security (Utah)
70	4,536	3,058	2.1	2,541	1.5[5]	399	100	529	56.2	547	39.5	Fleet Financial Group (RI)
71	4,511	3,018	1.3	2,109	2.3	632	72	300	13.8	482	57.2	Trust Co of Georgia (Ga)
72	4,480	3,046	1.0	2,503	1.7	243	36	349	25.5	478	43.3	First Atlanta (Ga)
73	4,339	3,535	1.4	2,389	1.6	530	45	300	18.7	465	39.1	Midlantic Banks (NJ)
74	4,156	3,576	1.1	2,930	1.0	439	139	262	13.0	493	16.4	California First Bk[7] (Cal)
75	4,135	3,507	NA	2,455	0.8	507	106	275	13.8	483	10.3	Bank of Tokyo Trust[6,7] (NY)
76	4,128	3,322	1.4	2,078	1.2[5]	431	102	218	15.9	390	29.1	Hartford National (Conn)
77	4,120	3,019	2.1	1,724	1.8[5]	319	157	278	25.1	444	28.5	Fidelcor (Pa)
78	3,915	2,483	0.2	1,327	2.2	850	63	269	22.0	469	50.4	State Street Boston (Mass)
79	3,911	3,020	0.7	1,820	1.3	907	52	315	21.9	471	29.4	Society (Ohio)
80	3,892	3,015	1.9	2,220	1.3	483	117	290	29.1	446	28.2	Lincoln First Banks (NY)
81	3,874	3,107	0.4	2,153	1.4	733	128	281	27.1	444	33.3	Virginia Natl Bkshs (Va)
82	3,839	2,728	3.8	2,456	1.3	325	90	252	23.0	521	9.7	BanCal Tri-State (Cal)
83	3,820	3,293	2.2	2,078	1.1	951	51	276	34.6	443	20.3	First of America Bk (Mich)
84	3,716	3,054	1.0	1,627	1.2	488	108	201	0.0	407	21.4	Riggs National (DC)
85	3,710	3,168	0.4	1,998	1.0[5]	717	60	256	6.3	437	33.1	BayBanks (Mass)
86	3,653	3,050	0.6	1,623	1.6	1,079	34	374	22.4	365	43.7	Norstar Bancorp (NY)
87	3,522	2,645	2.1	2,259	1.4[5]	394	117	264	24.2	415	23.9	United Banks of Colo (Colo)
88	3,498	2,719	0.7	1,665	1.0	685	29	271	0.0	342	21.7	Florida Natl Banks (Fla)
89	3,447	2,299	1.3	1,757	1.2[5]	298	48	269	33.3	398	25.0	First Maryland Bncp (Md)
90	3,409	2,757	1.4	1,827	1.2	468	86	221	8.4	327	12.6	Fidelity Union Bncp (NJ)
91	3,407	2,569	1.6	1,803	1.3[5]	429	90	215	3.4	369	30.1	American Security (DC)
92	3,392	2,512	0.9	1,655	1.4[5]	541	43	241	13.6	392	31.2	First Tenn Natl (Tenn)
93	3,353	2,530	1.0	2,005	1.1[5]	269	24	234	22.8	412	24.0	Bank of Virginia (Va)
94	3,343	2,545	1.3	1,569	1.6	587	99	278	8.2	360	31.4	Commerce Bancshares (Mo)
95	3,326	2,203	2.1	1,859	2.3	414	150	256	18.6	368	20.0	First Oklahoma Bncp (Okla)
96	3,314	2,489	3.8	1,743	2.6[5]	386	158	195	16.7	400	–10.9	IntraWest Financial (Colo)
97	3,255	2,450	0.7	1,779	1.6[5]	643	103	297	18.7	374	31.9	AmSouth Bancorp (Ala)
98	3,232	2,591	1.0	1,645	1.4	679	32	195	25.8	331	20.2	United Jersey Banks (NJ)
99	3,225	2,501	1.0	1,748	1.3	371	57	234	20.6	372	22.5	Dominion Bankshares (Va)
100	3,215	2,453	2.1	1,488	1.2	921	80	235	46.6	364	4.5	Equimark (Pa)
			1.5		1.3				22.3			MEDIANS

[1]Four-year average is a compounded annual rate: 1978/82. [2]From continuing operations after security gains or losses excluding gain on sale of operations and extraordinary items. [3]Net interest income on a tax-equivalent basis as a percent of average earning assets. [4]From continuing operations before security gains or losses excluding gain on sale of operations and extraordinary items.

Growth measures[1]							Profitability & cost measures			Stock data			
Average assets		Equity per share		Earnings per share[2]		Dividend	Return	Net int	Overhead				
4-year average	1982 vs 1981	4-year average	1982 vs 1981	4-year average	1982 vs 1981	4-year average	on equity 4-yr avg	margin[3] 1982	times NI 1982	Recent price	1982 EPS[2]	P/E ratio	Current yield
11.1%	10.3%	12.2%	8.8%	3.1%	–19.2%	13.7%	16.7%	5.10%	3.5	21	$2.91	7.2	4.8%
5.0	5.0	6.2	6.2	4.2	6.4	7.7	11.1	4.85	2.7	35	6.69	5.2	8.2
11.3	14.0	9.4	6.8	10.7	–5.0	4.2	16.1	3.74	3.1	33⅜	6.85	4.9	8.0
–8.5	–2.2	–15.0	–12.9	P–D	D–D	–100.0	–12.4	2.40	—	5	–1.29	def	0.0
9.2[10]	10.7	8.0	8.4	36.1	15.4	16.8	11.7	5.54	6.4	35	5.39	6.5	5.5
8.0	–2.3	5.1	6.1	–36.6	–19.9	–10.1	7.7	3.79	29.8	30	1.01	29.7	4.0
15.3	26.1	10.9	11.2	11.6	10.7	11.3	15.4	4.81	4.0	24	5.27	4.6	6.2
12.1	13.1	7.4	3.8	–2.9	–33.8	7.8	12.4	3.72	6.4	19½	3.05	6.4	9.2
10.9	14.6	8.1	4.5	23.3	16.3	11.3	16.1	5.42	4.5	31	5.36	5.8	5.3
16.4	15.9	10.9	11.8	19.9	25.9	11.9	16.1	4.53	4.3	47⅛	7.93	5.9	5.5
10.0	13.9	9.7	7.5	14.6	3.9	12.6	14.4	5.95	4.1	27½	5.11	5.4	4.7
22.5	46.2	10.4	9.2	12.7	9.1	11.9	18.2	5.91	2.9	36¾	3.60	10.2	3.7
19.3	25.5	7.5	4.4	13.7	8.1	12.8	14.1	5.55	5.0	22	2.66	8.3	4.9
12.0	6.4	5.4	7.8	15.8	16.4	4.2	14.7	5.15	4.1	32½	6.59	4.9	7.4
8.9	16.9	11.1	11.4	15.0	11.4	14.0	16.5	5.62	3.9	48	7.21	6.7	5.3
2.6	4.7	7.7	9.1	13.6	3.3	4.2	13.4	3.88	5.5	32¼	6.87	4.7	6.5
3.7	10.4	8.3	5.4	4.5	–20.2	9.5	14.5	4.56	5.0	52⅜	5.52	9.5	4.7
15.5	22.1	12.1	12.1	15.9	6.9	18.8	16.4	5.15	3.3	30⅝	4.82	6.4	5.0
8.7	11.4	11.5	13.2	13.0	30.4	6.3	16.8	4.97	2.6	22¾	4.42	5.1	4.8
11.3	14.8	10.8	11.9	18.8	18.5	11.0	17.4	4.83	3.6	38¼	6.28	6.1	5.8
13.1	20.0	15.9	16.8	27.3	17.6	19.6	22.4	7.20	3.3	29	3.54	8.2	3.4
10.1	16.6	11.4	13.3	24.6	15.0	13.3	16.3	6.68	4.4	23¾	3.61	6.6	4.2
16.7	14.0	8.6	12.3	23.9	19.4	7.1	21.1	5.83	3.5	34½	7.74	4.5	5.4
10.7	6.3	4.5	–9.0	–19.0	–56.9	7.2	11.5	4.34	14.8	16½	1.10	15.0	6.5
15.4	5.1	9.9	4.1	–8.2	3.3	—	6.1	NC	3.4	—	—	—	—
6.5	8.5	9.4	8.3	19.3	4.0	15.2	14.7	5.81	6.3	29¾	4.46	6.7	6.7
5.1	17.7	9.2	10.0	D–P	9.2	14.4	10.4	4.40	4.2	25⅝	5.47	4.7	6.6
15.8	15.6	16.9	24.4	59.9	87.4	22.0	19.3	5.28	3.2	66½	11.75	5.7	2.6
12.0	10.7	7.5	7.3	4.8	18.1	9.7	12.2	4.10	4.5	22	4.17	5.3	7.3
5.3	6.6	5.4	7.4	10.1	36.6	1.6	12.0	5.09	5.6	34¾	6.61	5.3	5.8
10.2	20.5	9.5	9.8	11.7	10.4	11.8	16.2	6.13	5.0	25⅜	4.23	6.0	6.3
7.2	7.2	4.6	1.1	–14.3	–21.2	14.8	8.1	3.82	16.6	36½	1.79	20.4	3.3
24.5	35.5	8.4	8.7	6.0	36.3	7.2	13.8	4.68	6.8	19⅜	4.13	4.7	6.8
14.3	6.5	8.0	5.0	2.9	–16.7	9.0	13.6	4.57	4.9	30¼	3.39	8.9	6.0
8.7	8.3	10.3	9.2	15.8	7.0	12.6	15.4	6.39	5.1	31¼	5.34	5.9	6.4
16.3	48.6	6.1	2.7	12.6	14.7	8.3	14.8	6.26	2.7	30⅜	4.75	6.4	7.2
14.2	12.1	10.2	6.2	2.0	–20.4	8.6	14.5	6.27	6.3	16⅜	2.19	7.5	6.1
13.9	16.2	7.0	10.4	3.8	24.6	13.9	8.8	5.67	6.0	30½	2.28	13.4	2.9
15.3	17.9	6.0	11.1	9.8	–1.1	9.4	15.1	4.92	5.0	29	4.50	6.4	5.2
13.4	1.6	3.1	–4.2	–39.0	–88.7	2.4	9.6	5.15	41.9	30⅛	0.74	40.7	9.3
15.0	13.0	10.0	9.6	10.4	8.6	6.8	15.4	4.35	2.3	26¼	3.93	6.7	5.3
10.9	13.1	9.2	9.1	11.1	9.5	20.1	15.3	5.22	3.9	19¼	3.24	5.9	6.6
10.6	17.1	4.6	6.8	7.5	40.7	5.2	11.0	5.05	4.9	25	3.77	6.6	5.3
11.1	10.7	6.6	5.0	8.9	193.5	7.1	11.4	5.84	3.2	33½	6.37	5.3	5.5
20.9	23.3	10.6	7.8	2.9	–26.1	25.7	14.5	4.55	4.0	16⅛	1.87	8.6	4.0
11.1	18.4	3.6	–11.2	P–D	P–D	9.6	10.0	6.10	—	30½	–2.11	def	4.6
8.1	8.3	9.4	8.5	6.2	5.3	8.1	15.1	5.54	3.7	27½	4.21	6.5	6.4
5.6	10.5	7.2	7.9	10.5	9.3	2.6	13.2	5.07	5.9	19¾	3.17	6.2	6.3
9.2	10.8	8.1	4.7	–3.0	–21.8	8.3	13.6	4.75	6.2	17½	1.79	9.8	5.7
4.1	7.7	–12.4	0.9	–28.9	D–P	–100.0	–7.8	2.77	12.5	5⅜	0.54	10.0	0.0
11.7	**11.4**	**9.3**	**8.1**	**10.3**	**9.2**	**10.4**	**14.5**	**4.57**	**4.5**			**6.5**	**5.6**

[5]Includes leases. [6]Company not publicly traded; stock data not available. [7]Bank only; not organized as a holding company. [8]Bank only. [9]Includes results of nonbank operations where applicable. [10]Three-year average. P-D: profit to deficit. D-P: deficit to profit. D-D: deficit to deficit. def: deficit. NA: not available. NC: not comparable. NM: not meaningful.

The 50 largest trust operations

Helped by a 19.6% rise in the Dow Jones industrials, the money managed by the trust operations below grew to $444 billion in 1982, a 17% increase over 1981. Twenty of these trust operations were able to better the DJI's performance. Among the top five, Bankers Trust moved up to the number two spot and Citicorp slipped to number five. J.P. Morgan retains first place by a healthy margin.

1982 rank	Company	Market value of trust assets[1] 1982 (millions)	% Increase over 1981	—Trust department revenues— total (thousands)	% change from 1981	% of total operating revenues
1	JP Morgan	$39,118	11.1%	$189,600	15.4%	2.8%
2	Bankers Trust	23,000E	18.0	90,546	21.2	1.9
3	PNC Financial	21,902	17.0	62,101	18.0	4.8
4	Mfrs Hanover	21,588	20.6	75,696	3.2	1.0
5	Citicorp	21,436	8.2	132,656	4.9	0.7
6	Chase Manhattan	14,957	19.4	103,162	16.4	1.0
7	Mellon National	12,949	4.7	37,009	17.5	1.6
8	Harris Bankcorp	12,853	11.0	42,140	0.6	4.6
9	Chemical New York	12,008	23.3	67,334	3.5	1.2
10	Wells Fargo	11,885	25.4	45,646	17.9	1.4
11	Continental Illinois	11,565	–7.2	60,428	12.7	1.0
12	Northern Trust	11,534	7.1	72,651	23.5	8.8
13	Wilmington Trust	10,487	23.2	14,902	0.1	7.8
14	US Trust	9,365	2.0	70,192	14.8	28.0
15	First Bank System	9,267	15.8	41,902	14.2	2.1
16	Crocker National	8,982	11.6	41,123	14.0	1.4
17	BankAmerica	8,863	–12.0	70,546	3.3	0.5
18	State Street Boston	8,856	71.4	57,997	51.4	12.4
19	InterFirst	8,500	16.4	34,000	21.4	1.4
20	First Interstate Bancorp	8,029	7.7	56,134	14.2	1.2
21	Fiduciary Trust of NY	7,489	24.8	20,903	4.3	67.7
22	First Chicago	7,488	9.8	47,564	3.8	1.1
23	Capital Guardian Trust	7,258	30.8	NA	NA	NA
24	Bank of New York	7,231	15.2	119,020	27.3	7.8
25	Girard	7,060	17.2	28,976	21.2	5.1
26	AmeriTrust	6,976	12.6	30,922	10.7	5.0
27	First National Boston	6,745	2.6	51,898	15.7	1.9
28	NBD Bancorp	6,739	8.1	28,574	–0.3	2.0
29	Centerre Bancorp	6,289	14.7	25,146	13.2	4.1
30	Northwest Bancorp	5,812	14.6	34,782	8.9	1.7
31	RepublicBank	5,729	15.8	32,097	18.2	1.7
32	Bank of New England	5,574	20.1	26,747	14.6	4.2
33	National City Corp	5,363	34.9	20,107	12.3	3.0
34	Amer Natl (Chicago)	5,212	31.3	12,732	11.7	4.0
35	First City Bancorp	5,149	10.7	22,132	23.4	1.3
36	Citizens & Sthrn Ga	4,603	34.7	12,196	14.2	1.9
37	Tex Commerce Bncshrs	4,555	24.8	22,278	28.1	1.2
38	Trust Co of the West	4,496	28.2	NA	NA	NA
39	Boatmen's Bncshrs	4,344	26.8	8,416	13.4	3.3
40	NCNB	4,236	54.5	19,244	26.4	1.8
41	Hartford National	4,186	24.4	22,613	20.0	5.8
42	Comerica	4,111	19.6	21,736	17.8	2.9
43	Manufacturers National	4,014	22.1	13,645	15.6	2.2
44	First Wisconsin	3,945	26.7	17,028	11.1	3.0
45	Irving Bank Corp	3,944[2]	—	30,179	14.7	1.3
46	Trust Co of Georgia	3,936	26.2	20,363	14.0	4.2
47	Wachovia	3,725	18.3	25,629	20.2	3.2
48	Mercantile Bancorp	3,604	15.6	13,766	10.9	2.3
49	First Pennsylvania	3,431	12.1	18,391	3.9	2.9
50	Marine Midland	3,371	19.9	23,102	9.6	1.0

[1]Accounts over which the bank exercises investment discretion. [2]Market value as of 12/31/81, latest available figure. E: Company estimate. NA: Not available.

of the money-center banks have been so strong in spite of all the scare stories in the press and on the tube about defaults on foreign loans. Citibank, for example, has almost doubled from its summer low of last year. Chemical, Manufacturers Hanover and J.P. Morgan are up almost as much. Chemical hit an alltime high this year and some of the others could easily do so if the market continues to rise.

Here is what the consensus of a group of analysts is predicting for the big New York City banks this year (net income per share before securities transactions):

Citicorp: $6.50-$6.75; up from $5.50. Consumer business is turning profitable and could contribute $150 million to earnings, more than double 1982's results.

Chemical: $9.55 to $9.70; up from $8.69. Chemical, along with J.P. Morgan, established the low point for loan losses in 1982.

J.P. Morgan: $11.30; up from $10.67.

Chase Manhattan: $11.50-$12.50; up from just under $8. A turnaround, but still facing immense problems.

Bankers Trust: $8.55 to $9; up from $8.73.

Manufacturers Hanover: $8.40; up from $7.82.

Not that the banks don't have plenty to worry about. Consider:

Deregulation of interest rates has made the business a lot tougher and more competitive. That situation is getting worse from the banks' viewpoint, not better.

While stockbrokers and others are moving into banking, the banks get a hard time when they try moving into other people's bailiwick. The banks are slowly getting their way but the question still remains: How good will bankers be at insurance? How good at stock brokerage?

The price of oil. The price of oil? What's that got to do with banking? Plenty. A total collapse of OPEC leading to $19 or $20 oil would be good for most of the American economy, but it would be a body blow to banks who have lent heavily on the expectation that the price of oil "could only go up." As the price of oil drops, the collateral becomes worth less and less. Says one West Coast lending officer: "At $25 a barrel most of our loans will be okay. But $22? Please, my nerves. At $22 a lot more of our loans will be in bad, bad trouble."

Reported earnings, [illegible]e clearly, are not what bankers have to worry most about these days.

And the band struck up, "Nearer, my God, to Thee. . . ." ■

Wall Street thinks everything is finally coming up roses for the thrift industry after two years of travail. Don't be too sure.

Put the champagne away

The 25 largest savings and loan associations

In an effort to save or be saved, mergers were commonplace in the savings and loan industry in 1982. The 25 largest S&Ls now have assets totaling $153 billion, up from last year's $125 billion—mainly because of mergers and acquisitions. Profits are another story. Only six S&Ls were profitable.

	1982 size measures ($millions)							
Rank	Total assets	Savings accounts	Loans receivable	Investment securities	Advances from FHLB	Total revenues	Net income	Company (4-year size)
1	$16,864	$11,815	$10,946	$1,712	$1,830	$2,015	$–44.5	HF Ahmanson (Cal)
2	12,675	9,561	10,174	1,920	1,855	1,387	–74.7	Great Western Financial (Cal)
3	10,415	7,635	7,809	1,126	1,154	1,153	4.8	California Federal S&L[2] (Cal)
4	9,388	6,221	8,524	507	1,144	1,009	–61.1	First Charter Financial (Cal)
5	7,869	5,952	5,710	656	1,092	779	–17.0	Glendale Federal S&L [2,3] (Cal)
6	7,270	4,454	6,016	540	1,714	859	6.9	FN Financial Corp[4] (Cal)
7	7,269	4,835	5,880	510	964	799	–19.8	Golden West Financial (Cal)
8	6,612	4,904	5,988	223	250	775	36.7	Financial Corp of America (Cal)
9	6,361	4,860	3,668	727	648	484	–107.8	Talman Home Federal S&L [2,3] (Ill)
10	6,112	4,514	4,651	560	1,172	668	–28.9	Home Federal S&L[2] (Cal)
11	5,943	4,675	3,730	918	621	481	–8.7	Empire of America[2] (NY)
12	5,271	3,811	4,379	470	951	549	–61.1	Imperial Corp of Amer (Cal)
13	5,235	3,281	3,885	1,100	1,030	484	–23.5	First Federal Svgs of Mich[2] (Mich)
14	4,847	2,937	3,957	449	1,193	546	–26.7	Gibraltar Financial (Cal)
15	4,528	3,386	3,607	331	427	554	13.2	City Federal S&L (NJ)
16	4,044	3,233	3,010	219	429	365	–94.2	First Fed S&L of Chicago[2,3] (Ill)
17	3,888	2,661	3,416	293	491	447	–32.0	AmeriFirst Federal S&L[2] (Fla)
18	3,882	2,845	3,048	259	650	418	–26.7	Great American Federal S&L[2,3] (Cal)
19	3,748	2,724	2,782	526	428	411	–22.7	Gibraltar Savings (Tex)
20	3,629	2,932	2,601	674	340	315	8.7	Carteret S&L[2] (NJ)
21	3,573	3,171	3,110	240	159	354	–46.2	Standard Federal S&L[2,3] (Mich)
22	3,541	2,516	3,022	215	672	352	–28.4	Allstate S&L[5] (Cal)
23	3,348	2,305	2,342	354	464	394	–21.4	Coast Federal S&L [2,3] (Cal)
24	3,344	2,240	1,110	466	684	308	–33.4	First Federal S&L of Rochester[2,3] (NY)
25	3,223	1,949	2,011	232	1,012	263	44.5	Benj Franklin Federal S&L[2] (Ore)

[1]Four-year average is a compounded annual rate: 1978/82. [2]Mutual savings and loan association.
[3]Based on data from the Federal Home Loan Bank; figures are derived for the period ending June.

By Ben Weberman

SINCE THE MIDDLE of 1982, savings and loans have turned in one of the most spectacular performances of the bull market, with stock prices of S&Ls in many cases increasing fourfold.

It isn't hard to see why. Not for years have savings and loans felt this kind of euphoria. Billions of dollars in new deposits have flowed into their new money market deposit accounts. The spread between the cost of funds and the yield on loan portfolios has turned positive again after nearly two years in the red. And on top of that there are healthy nonrecurring gains to be had as housing recovers: loans carrying generous fees up front that can be counted in current net income.

Buoyed by this glittering vista, thrifts are raising big money from the public, a good deal of it from mutual savings associations converting to stock associations. Robert Chaut, analyst with A.G. Becker, has been tracking S&L conversions since they were first permitted in 1975. From that year until this January, Chaut says, about 129 thrifts went public, raising about $675 million. In the current enthusiasm, Chaut thinks the thrifts will raise more than $1 billion in public offerings this year. About half of that will come from two big conversions, by California Federal and Home Federal of San Diego.

Nor do the ambitions of S&Ls end at public offerings. They are eyeing the markets of the commercial banks. For example, Gibraltar Financial of California is putting together a credit department to solicit small and medium-size business loans. Gibraltar also opened a broker/dealer affiliate.

Is everything coming up roses at last? Maybe. But remember that most of that new money raised from the public is not going for expansion but for rescue operations. The fact is, the optimists failed to reckon with the huge mortgage delinquencies and defaults that have shown up this year. In February, for example, mortgage defaults set an alltime record, and March was running in the same direction. Those loans are mainly ones carrying 16% and 17% rates on homes purchased within the past year or so at highly inflated prices. Also in trouble are a lot of the famed "creative financing" devices fashioned in the desperate 1970s.

Take $6 billion (assets) Home Federal Savings & Loan Association of San Diego, tenth largest in the country. Home Federal's net income had been running about $40 million a year until the disastrous years 1981 and 1982, when it lost nearly $49 million.

But during the final four months of last year, Home Federal's earnings abruptly turned up. A good part of it was the improved net interest spread. But

Growth measures[1]								Dec. 31, 1982		
Assets		Savings		Revenues		Net income				
4-year average	1982 vs 1981	4-year average	1982 vs 1981	4-year average	1982 vs 1981	4-year average	1982 vs 1981	Yield on earning assets	Cost of funds	Spread
11.4%	12.1%	9.0%	6.8%	18.4%	28.8%	P–D	D–D	11.49%	10.12%	1.37%
6.1	0.8	4.7	2.7	13.0	0.4	P–D	D–D	11.07	10.38	0.69
17.6	37.1	16.4	46.8	26.2	61.3	–44.3%	D–P	12.50	10.65	1.85
3.0	–3.7	0.1	–2.3	9.1	0.6	P–D	D–D	10.34	10.31	0.03
23.4	50.1	20.4	48.6	29.3	38.7	P–D	P–D	NA	NA	NA
30.2	3.6	21.1	–4.4	39.6	71.8	–29.9	–40.1%	10.98	10.21	0.77
21.9	31.2	19.0	60.0	31.8	28.1	P–D	D–D	12.10	10.70	1.40
68.5	76.0	71.6	78.5	80.6	99.8	50.5	106.0	13.59	11.80	1.79
32.9	72.7	31.7	77.1	33.1	47.1	P–D	D–D	NA	NA	NA
18.9	20.7	13.3	35.7	23.2	17.8	P–D	D–D	12.32	11.20	1.12
33.0	109.3	28.1	95.8	35.6	95.0	P–D	D–D	11.36	11.03	0.33
10.5	2.0	8.4	4.6	15.3	8.8	P–D	D–D	11.07	10.88	0.19
9.2	31.6	1.6	2.2	10.1	22.2	P–D	D–D	10.65	10.13	0.52
11.1	1.6	2.8	12.8	19.7	12.7	P–D	D–D	11.31	10.50	0.81
28.9	35.3	29.3	40.9	46.1	68.6	9.9	D–P	13.05	11.53	1.52
15.3	11.9	13.6	14.5	20.1	7.5	P–D	D–D	NA	NA	NA
14.7	16.1	9.0	4.8	26.6	25.5	P–D	P–D	NA	NA	NA
26.8	41.2	22.6	48.6	32.6	42.7	P–D	P–D	NA	NA	NA
14.5	11.4	12.1	8.5	24.5	14.6	P–D	P–D	11.99	12.84	–0.85
33.5	88.0	33.3	93.5	39.6	63.0	14.9	D–P	12.10	10.73	1.37
11.8	4.9	11.1	7.1	20.5	9.8	P–D	D–D	NA	NA	NA
10.3	8.6	5.9	10.9	14.8	7.7	P–D	D–D	10.99	10.26	0.73
10.1	8.3	7.3	7.6	21.3	24.7	P–D	D–D	NA	NA	NA
31.7	179.8	26.1	126.5	37.7	186.0	D–D	D–D	NA	NA	NA
31.6	183.5	24.0	129.9	31.6	160.6	41.1	D–P	13.24	11.59	1.65

[1]Subsidiary of National Steel. [2]Subsidiary of Sears, Roebuck. NA: not available. P–D: profit to deficit. D–D: deficit to deficit. D–P: deficit to profit.

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much of it also came from upfront points on new mortgages or the application of book benefits from purchase accounting methods on the acquisition of ailing S&Ls. Without the mergers, in fact, Home Federal's interest spread would have been a negative 0.25% rather than a positive 0.34% in 1982.

Despite the improved earnings, Home is far from out of the woods. In its most recent reporting period, 1% of its mortgage portfolio was one month late in payments, 0.27% was two months behind and 1.9% was behind by three months or longer. Of $109 million in slow loans, more than half consisted of residential mortgages and about one-quarter was on commercial properties.

Moreover, Home's ratio of "scheduled items" (like slow loans and real estate owned due to foreclosure) to assets was over 2.2%—close to the danger zone of 2.5% set by the Federal

The thrifts' ambitions to invade commercial banking may put them up against their bigger rivals in a way that highlights their longtime disadvantages.

Home Loan Bank Board. If the ratio reached 2.5%, the government agency could order the thrift to draw in loans from outside parties for its subsidiaries, a costly move. In addition to seeking external, expensive financing, the association could be forced to sell off some of the scheduled items at a deep discount from book carrying cost.

What about the thrifts' ambitions to invade commercial banking? In effect, it may put them up against their bigger rivals in a way that highlights their longtime disadvantages. Some bankers contend that the thrifts lack the experience in credit evaluation—let alone the cash—to attract top-dollar lending officers.

With all these problems remaining, why is mighty Citicorp acquiring ailing Fidelity Savings & Loan of Oakland, Calif.? Not because it is dying to get into the S&L business, but because it wants a tap into the rich California consumer market from which it is barred by law as Citibank. Today, Citicorp's worldwide consumer loans total more than $23 billion, up from $18 billion a year ago, and account for 27% of total assets. Citibank wants even more consumer loans and apparently views the S&Ls more as an additional entry point than as an acquisition of a going business.■

Faces
Behind The Figures

Edited by Eamonn Fingleton

Real men take risks

When people politely ask Alex Brainard to put out his cigar, he often says no, and says it firmly. "Men who smoke cigars are clearly strong-minded, independent and maybe even macho," says Brainard, 56. He should know. He is president of Consolidated Cigar, the world's largest cigarmaker and the company behind brands like Muriel, Don Diego and Dutch Treats. "Cigar smokers," he says, "need to be able to weather dirty looks."

But according to Gulf & Western, Consolidated Cigar's former owner, in these days when real men *do* eat quiche and Phil Donahue and Alan Alda are lionized for their "sensitivity," there are a lot fewer macho men. The cigar market has been declining by 5% a year since 1965. Seeing no reversal in sight, G&W put the company on the block about a year ago.

Brainard and four other senior executives at Consolidated are betting G&W is wrong. Last month they bought Consolidated for $120 million, $119 million of which they borrowed (more than half from G&W).

What do they see that G&W doesn't? First, they are planning to cut production costs 25% on two of their major brands—Dutch Masters and El Producto—with new technology that will do away with the expensive whole leaves of tobacco that have traditionally formed a cigar's outer skin. They will substitute a new wrapper composed of tobacco fragments mixed with what Brainard delicately refers to as "extender"—really cellulose, coloring and flavoring.

"The process of making the wrapper is a little bit like making paper," says Brainard. "People who aren't very kind call it paper, but we prefer to call it tobacco."

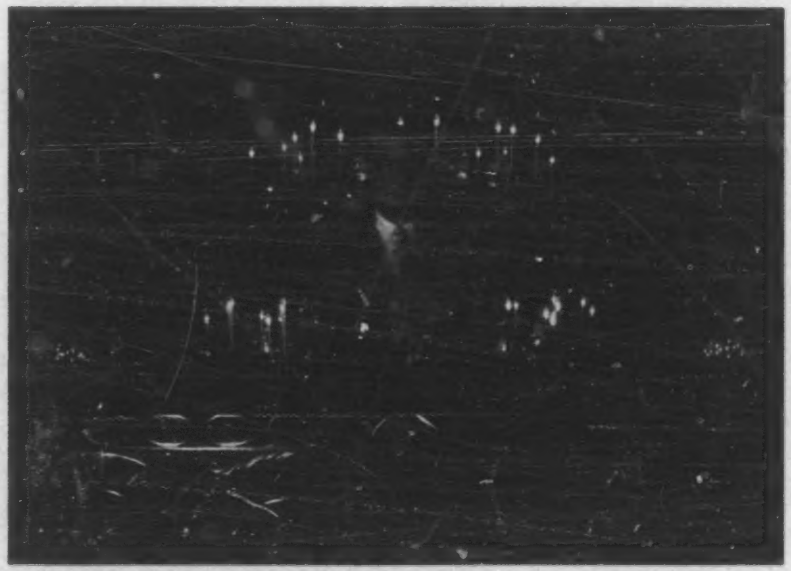
How will real men take to the high-tech smokes? Brainard admits the taste will alter slightly but adds: "The connoisseur will notice and get mad and may go away from you. But we studied Phillies, White Owl and William Penn [cigars that are now made with homogeneous wrappers], and while they lost some people, they gained others." Brainard is also betting on the graying of America. Most cigar smokers are between 40 and 60, an age band now expanding as inexorably as baby boomers' waistbands.

After 30 years as an organization man (General Foods, then G&W), Brainard is eager for a change. "It will be nice not to have to answer to a planning group," he says. "We can spend our remaining work years truly enjoying what we do."—**Paul B. Brown**

Consolidated Cigar's Alex Brainard
Smokes go high tech.

Mr. Empire State strikes back

New York property king Harry Helmsley had been talking for years about trumping Chicago's 1,454-foot Sears Tower with a giant new Manhattan skyscraper. Then, with New York rents soft recently, there was silence. Now, however, he seems at least mildly bullish again. He tossed $65 million into property in December alone and plans to plow back more of his cash flow into the market later this year. So what is delaying his world-beater? "Interest rates," he says, rocking back in his tweed-covered executive chair. The prime rate may have fallen 10 points in the last 18 months, but that is not enough for Helmsley, who would not have accumulated his $750 million net worth without a gift for shrewd market tim-



Helmsley-Spear's Harry Helmsley
No monuments to himself.

ing. "I would have to pay around 12% or 13% for long-term money today, and initially at least that wouldn't let me cover my costs," he says. "I want to borrow in single figures—maybe at 8% or 8.5%."

Rival property magnates doubt that even Helmsley, the wealthiest self-made real estate man in the Forbes Four Hundred, can afford such a spectacular gamble. The whole thing, they say, is Harry's little tease to give rivals sleepless nights. But Helmsley, 73, a rangy man who swims every morning and looks remarkably fit for his years, insists the new pile, costing an estimated $600 million, is for real. "I already have the site, in midtown Manhattan," he offers. "I don't own it, but I have a verbal agreement with the owner." Helmsley, whose Helmsley-Spear company already manages the Empire State Building, is short on the sort of details his rivals would consider persuasive.

One thing he is giving away for free: the new monster's height. "It will be 100 feet taller than Sears," he declares with satisfaction. The project's splashiness has raised some eyebrows. For the higher he goes, the bigger the proportion of space he has to allow for elevator shafts, thus cutting into Helmsley's all-important bottom line. Faster elevators will help him beat the problem, he says.

Even so, it is not like Helmsley, who began as an office boy in the management company that now bears his name, to build a monument to himself. His style has always been to snap up ho-hum secondhand buildings and turn them into gold mines with minimal expense. His modestly proportioned office, sited in an anonymous, elderly skyscraper near Grand Central Station, sets the tone: His only fripperies are three plastic tourist replicas of the Empire State Building. So far he has resisted moving to his flagship building, the more glamorous 230 Park Avenue. Says Helmsley: "I can't afford my own rents." —E.F.

New balancing act

The Paris-based International Energy Agency was created nine years ago, when oil prices were increasing and the only thing in sight was more of the same. Its primary mission was to share oil among its member countries, which consist of the U.S. and other oil-importing Western democracies, in the event of another oil scare. So, with oil prices now falling, is the IEA spinning its wheels?

Far from it, says Ulf Lantzke, the 56-year-old German-born lawyer who has headed the IEA since 1974. In creating the agency, Lantzke says, the basic objective was to stop the high cost of energy from putting a brake on economic growth. "We are still not in a position today to say that has been accomplished," he maintains.

Lantzke takes the long view. Low economic growth, he points out, has contributed heavily to the reduction in world energy demand. At the same time, it has slowed or forced cancellation of investments in nonoil energy like solar power and tar sands projects, which can take as long as 15 years to bear fruit.

Ulf Lantzke of the IEA
A new sense of mission.

A vigorous and lasting economic recovery will require much more oil to keep going, Lantzke reasons. And finite oil is still the only energy source that can readily be turned on. He expects that world oil demand in non-Communist countries will bottom out this year and start back up again in 1984.

So Lantzke sees the IEA's mission now as one of promoting "a balance among energy sources"—coal, nuclear, gas and oil—to prevent any single one of them from upsetting the energy basket.

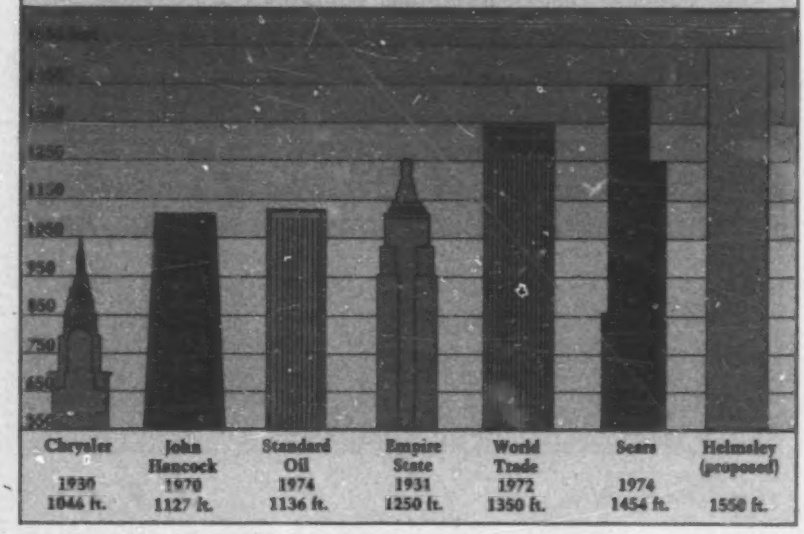
The IEA is stepping up R&D work on things like coal technology, enhanced oil recovery, solar power and nuclear fusion. IEA at present coordinates 45 projects, which are paid for on a cost-sharing basis by member countries. Lantzke is also spending more of his time on the interview circuit: "With energy you have to repeat your message every week. People just don't remember."

In the short term does he think oil prices have hit bottom? He says: "At $29 a barrel there is still a lot of spare capacity."

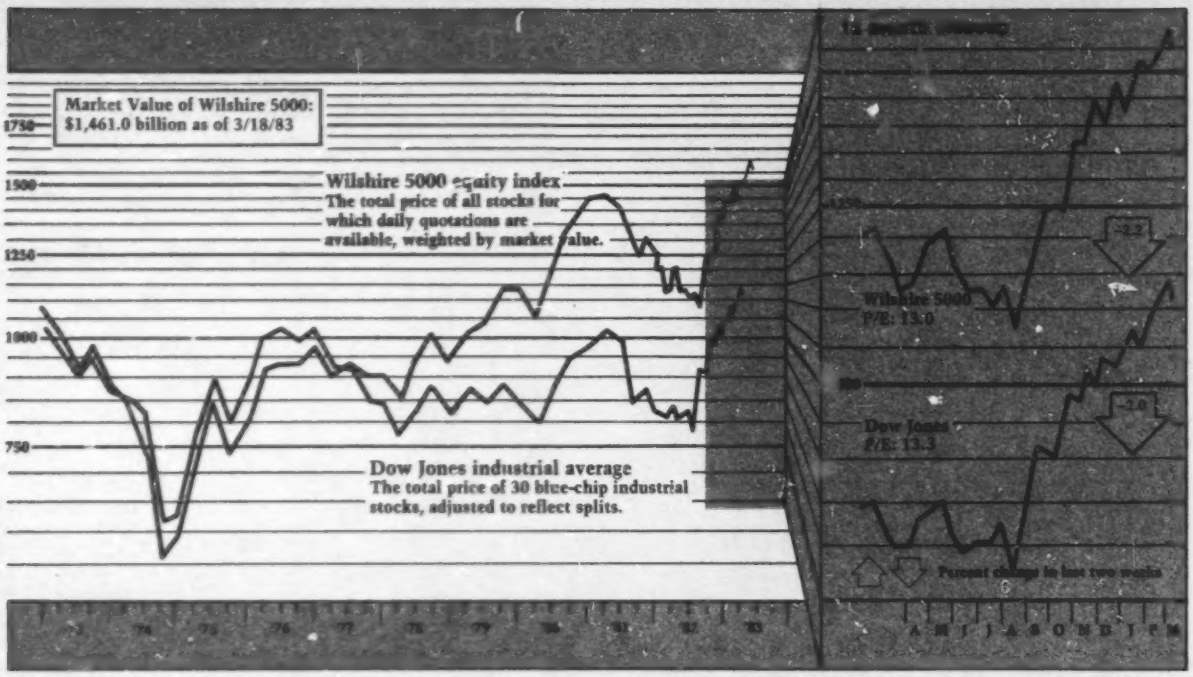
Should oil prices fall still further, Lantzke professes to have limited sympathy for the big oil companies that have been taking it on the chin.

Profiles in height

Helmsley's shadowy structure in New York City will be the fifth office complex to claim the "world's tallest" title since 1930. The taller you build a building, of course, the bigger the proportion of space you need for elevators. Helmsley hopes faster elevators will help.



The Forbes/Wilshire 5000 Review



Slow idle. After gaining fairly steadily since the beginning of the year, the market took a bit of a breather. The last time every major indicator declined was in mid-December, and the market quickly returned to its winning ways. Is the current drop another relatively mild round of profit-taking? Or is it the beginning of the long-anticipated correction? The trend in interest rates and first-quarter earnings reports probably holds the key.

During the recent two weeks the Wilshire index lost 2.2%, and the Dow was down 2.0% on relatively light trading volume. By comparison, NASDAQ stocks slipped only 0.3%. While falling oil prices hurt the energy stocks as a group, the major oils were generally hit harder than the secondary issues. Thus, the Amex fell only 1.0%, while the entire energy sector dropped 6.2%.

The price-to-earnings multiple of the 25 Dow stocks that showed profits over the last 12 months hit a new high of 13.3. The blue chip Dow is now selling at a slightly higher multiple than the market as a whole. Will the rest of the market catch up, or are the blue chips finally getting ahead of themselves? Since these stocks are highly visible and widely held, the higher their multiples go the more vulnerable the entire market becomes—especially if reality can't catch up with optimistic expectations.

Close-up On The Equity Markets

Performance of all leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
In last 4 weeks	1.5	-2.4	2.3	1.1	-0.7	1.4
In last 52 weeks	38.1	35.1	34.7	35.8	50.3	54.3

Stock performance sorted on five key investor risks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	High	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
In last 4 weeks	2.6	1.3	0.9	6.3	3.8	4.4	2.3	2.9	5.0	1.8
In last 52 weeks	95.0	42.3	69.5	113.0	36.9	157.6	110.3	46.0	51.2	84.1

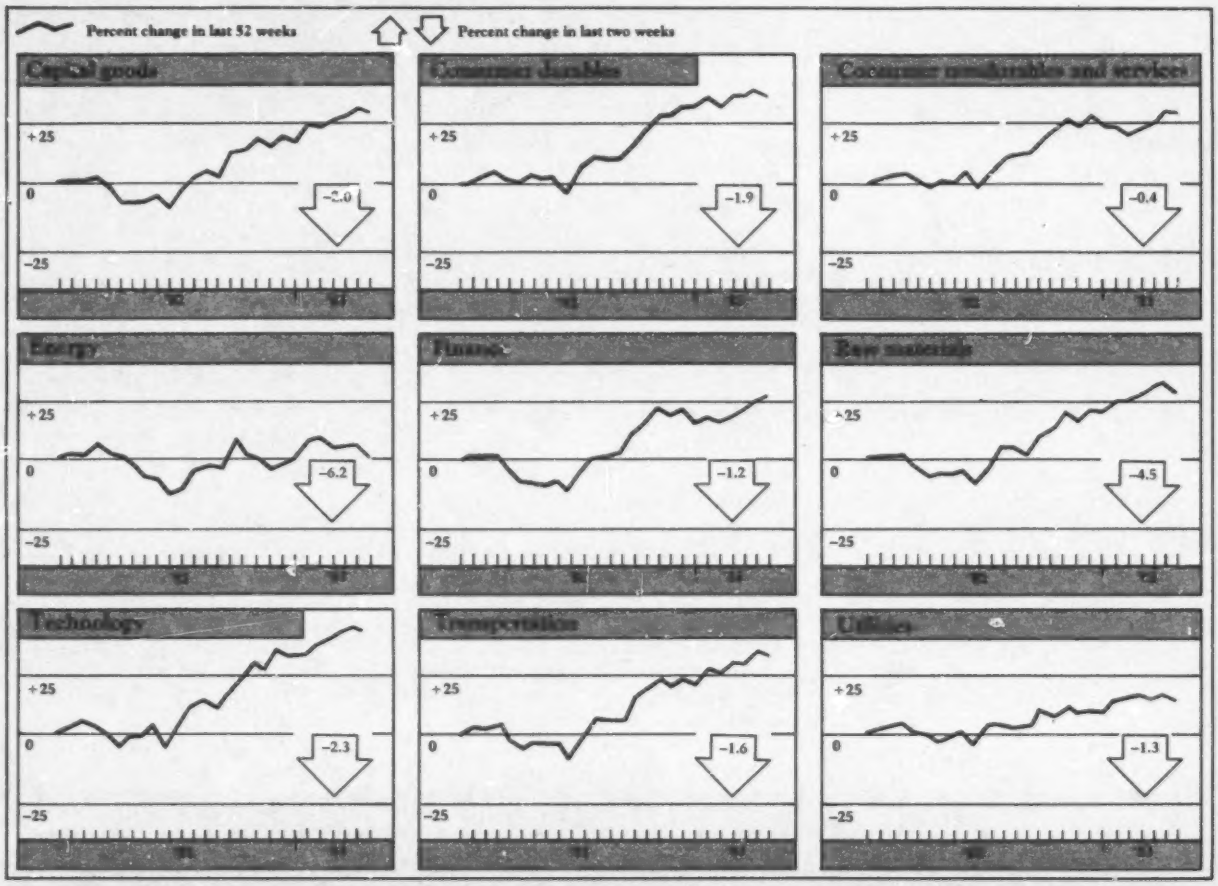
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 3/18/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

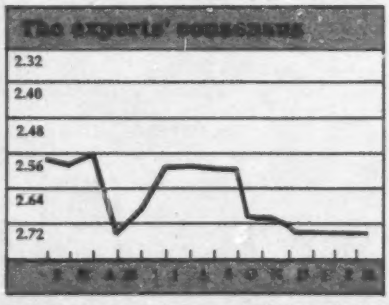
No favorites, really. Investors moved money out of all nine industry sectors over the last two weeks. This is the first time since the August rally that every group has posted negative results. With oil prices falling, energy stocks led the list of losers. But raw materials stocks—off 4.5%—were hard hit, too. Much of that decline can also be placed squarely in OPEC's lap. Several of the gold stocks in this group were sold off in response to the decline in oil prices.

The strongest group, on the other hand, was consumer nondurables. They fell a comparatively modest 0.4%. Why were these stocks the best of a bad lot? Perhaps some investors were cheered by the slim month-to-month decline in retail sales.



What The Analysts Think

Status quo. Analysts changed very few positions over the last two weeks. Perhaps they are waiting to see where the market moves before committing themselves. In the meantime, hard-hit energy stocks are still the favorites while the strongest group, consumer nondurables, is still sitting in last place.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Energy	2.66	1	1
2	Utilities	2.68	2	2
3	Technology	2.70	3	3
4	Capital goods	2.72	4	4
5	Transportation	2.74	5	6
6	Raw materials	2.77	6	5
7	Finance	2.81	7	7
8	Consumer nondurables	2.83	8	8
9	Consumer durables	2.89	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 3/18/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Oil stocks have been slipping out of favor on Wall Street for nearly three years. Nothing can go down forever.

How long, O Lord?

By Steve Kieben and Paul Bornstein

In March 1981 we ran a feature on the integrated oils, arguing that they looked undervalued. Fifteen months later we featured potential bargains among oilfield service firms. What happened? Well, oil prices continued to drop, OPEC is struggling to survive and our "bargains" burned anyone who bought them. As a group, energy stocks have dropped 36% since October 1980.

Our only consolation is: If they were cheap then, they are even cheaper now. We've ranked them on the basis of percentage price declines from October 1980. Pay attention to earnings projections, relative cash flow and yield.

Sure, everyone is talking about oil gluts and drilling slowdowns, but look at the numbers. Even if current earnings estimates slide by 25%—something that is likely to happen as analysts recalculate on the basis of today's spot petroleum market—integrated companies like Exxon are still selling at 6 times 1983 earnings. That's half the current market multiple. Consider, too, the safe 9.9% yield, more than you can get these days from any money market fund.

Such comparisons are often less dramatic for independent and oil service firms. But they have other alluring aspects. The producers typically sport impressive cash flow ratios, and the suppliers are often high-tech outfits in disguise. What's to prevent someone from acquiring Petroleum Equipment for its cash or Hughes Tool for its scientific knowhow?

Now look at these companies relative to today's investment alternatives. If OPEC members cheat on their production quotas, oil prices

Integrated oils

Nearly all of these issues are selling at significant discounts from breakup value. Most companies also have modest leverage, competitive yields and below-market multiples based on 1983 earnings estimates.

Company	% change since 10/31/80	Recent price	Price range 1980 to present	Latest 12-month EPS	P/E	1983 EPS est	Relative cash flow*	Book value/ share	Debt/ equity	Breakup value per share	Yield
Murphy Oil	–61%	20⅞	64 –15½	$4.31	4.8	$4.21	1.20	$22.04	42%	$ 36.90	4.8%
Standard Oil Ind	–47	39	99½–33½	6.25	6.2	6.73	0.96	37.58	32	125.15	7.2
Amerada Hess	–46	21⅜	54¾–15⅛	2.00	10.7	3.71	0.90	30.57	61	71.55	5.1
Standard Oil Ohio	–44	38	91½–26½	7.63	5.0	7.50	0.84	49.72	75	139.40	6.8
Phillips Petroleum	–41	30⅞	62⅞–23½	4.23	7.3	4.58	1.06	36.77	20	79.95	7.1
Getty Oil	–40	53⅜	108¼–41¼	8.61	6.2	8.83	1.27	58.10	13	167.45	4.9
Union Oil of Cal	–39	29	56½–21¼	4.63	6.3	4.91	1.20	23.69	26	95.25	3.4
Atlantic Richfield	–38	37¼	74⅜–32¼	6.61	5.6	6.98	0.82	35.89	43	136.95	6.4
Sun Co	–33	31¼	59⅝–26¾	4.49	7.0	5.20	0.92	41.99	47	108.25	7.4
Tesoro Petroleum	–33	15¼	32¼–14	2.34	6.5	3.17	0.61	28.82	3	38.95	2.6
Pennzoil	–31	35¾	62½–23⅜	3.60	9.9	4.28	0.95	22.77	81	61.80	6.2
Mobil	–30	26⅛	44¾–19½	3.31	7.9	4.28	0.90	34.45	25	92.15	7.7
Kerr-McGee	–29	29⅞	46½–22½	4.30	6.9	4.44	0.89	28.98	56	62.60	3.7
Ashland Oil	–23	28⅜	45¼–20½	4.64	6.2	4.18	1.09	36.78	79	28.05	8.4
Gulf Oil	–22	30⅞	54½–24¼	6.03	5.1	5.17	1.14	58.21	17	118.40	9.1
Exxon	–21	30¼	44⅜–24⅞	4.82	6.3	5.01	0.89	32.84	18	82.75	9.9
Shell Oil	–21	35¾	65½–27⅛	5.19	6.9	5.59	0.95	30.02	38	71.55	5.0
Tenneco	–21	33½	58⅜–22⅞	5.74	5.8	6.30	0.69	39.28	100	59.90	8.1
Standard Oil of Cal	–17	34⅞	58¾–23½	4.03	8.7	4.99	1.00	37.13	16	96.40	6.9
Texaco	–16	32¼	54⅜–26	4.92	6.6	5.52	0.83	55.20	20	134.70	9.3
American Petrofina	0	54	71⅞–41½	5.03	10.7	7.00	0.81	50.29	39	83.85	5.9

*An index measuring cash flow after deducting cash needs. Normal among 1,000 companies is 1.00. Higher scores are favorable.

Sources: Wilshire Associates; Standard & Poor's; Institutional Brokers Estimate System (IBES) of Lynch, Jones & Ryan; Nourse Associates; John S. Herold, Inc.

Statistical Spotlight

could indeed tumble even more. But if tensions heat up in the Middle East, prices could rise just as quickly. More significant, energy companies typically have strong balance sheets. Not so for airlines and companies in other cyclical industries that are now Wall Street's darlings.

Finally, consider this: When the mood on Wall Street was at its darkest last spring we interviewed John Mendelson, Morgan Stanley's market timing expert. He was optimistic—wildly and correctly, as things turned out. (FORBES, *Mar. 29, 1982*). Now Mendelson is predicting a major move in energy stocks within three months. It will, he explains, encourage institutions to pour money into what is now an underowned sector for them, fueling the rally even more. "This group," he concludes "could become the bullish surprise of the year." Either that, or we are going to be wrong again. ■

Production and drilling

This group has fallen sharply since October 1980 and now most of these shares are priced close to their book values. Several have a favorable relative cash flow. But watch out for declining earnings estimates.

Company	% change since 10/31/80	Recent price	Price range 1980 to present	Latest 12-month EPS	Latest 12-month P/E	1983 EPS est	Relative cash flow*	Book value/ share	Debt/ equity	Yield
Universal Resources	–77%	5½	32⅞– 5	$0.73	7.5	$0.22	1.12	$10.93	9%	—
Petroleum Equip Tools	–74	5¾	34 – 5¾	1.23	4.7	1.00	3.80	9.91	35	—
Parker Drilling	–73	7⅞	36¾– 7⅛	1.99	4.0	0.62	1.16	10.87	69	2.0%
Unit Drilling & Explo	–72	5	34 – 4¾	1.78	2.8	0.70	NA	8.05	78	—
Sabine	–71	19	73 –13¼	1.54	12.3	1.44	0.86	13.22	44	0.2
Global Marine	–69	7½	36½– 7¼	2.71	2.8	1.98	0.60	12.81	97	3.2
Hamilton Bros Pet	–64	8¾	30⅛– 8¾	0.98	8.9	1.13	1.19	14.21	40	1.1
Helmerich & Payne	–59	16¾	54⅛–13⅝	2.70	6.2	2.18	1.11	12.02	32	1.9
Apache Corp	–56	9⅜	28¼– 7¾	1.20	7.8	1.35	NM	8.67	98	3.0
Ocean Drilling & Explo	–55	19½	54⅞–16	3.71	5.3	3.24	1.13	12.37	18	5.1
Reading & Bates	–55	11¾	39⅞–10	2.36	5.0	2.44	0.83	15.18	81	6.8
Moran Energy	–53	11¾	34⅞– 7⅜	1.09	10.8	1.11	1.10	10.92	67	1.0
Noble Affiliates	–47	13	32⅞– 8⅜	1.58	8.2	1.55	1.33	7.26	36	0.9
Rowan Cos	–47	9¾	23½– 7	2.36	4.1	1.56	1.20	8.24	22	0.8
Wiser Oil	–44	16	33⅛–13¼	1.37	11.7	1.60	1.02	9.29	0	5.5
ENSERCH	–39	19	40 –15¾	2.70	7.0	3.11	0.66	17.05	73	8.4
Atwood Oceanics	–35	21	46¼–16	6.57	3.2	6.14	0.79	17.18	76	—
Woods Petroleum	–35	21½	42⅛–16¾	2.13	10.1	2.44	1.39	8.70	15	2.8
SEDCO	–24	27⅛	49 –23¼	3.86	7.0	5.70	1.83	12.64	62	1.9
Belco Petroleum	4	26	36⅜–17⅛	4.29	6.1	4.60	NM	21.84	11	2.7

*An index measuring cash flow after deducting cash needs. Normal among 1,000 companies is 1.00. Higher scores are favorable.
NA: Not available. NM: Not meaningful.
Sources: Wilshire Associates; Standard & Poor's; Institutional Brokers Estimate System (IBES) of Lynch, Jones & Ryan; Nourse Associates; John S. Herold, Inc.

Equipment and services

With the decline in drilling, business is off for most of these firms. But some analysts expect these stocks to rebound well before the demand for oilfield supplies hits bottom. Thus, they could be good buys.

Company	% change since 10/31/80	Recent price	Price range 1980 to present	Latest 12-month EPS	Latest 12-month P/E	1983 EPS est	Relative cash flow*	Book value/ share	Debt/ equity	Yield
Newpark Resources	–74%	6	33⅛– 4¾	$0.57	10.5	$0.16	0.69	$ 9.72	11%	2.7%
Weatherford Intl	–74	8⅞	38⅞– 8	1.33	6.7	1.13	1.09	11.54	40	4.5
Aztec Mfg	–59	7¾	28⅛– 6¾	1.32	5.9	NA	1.76	5.79	3	5.2
Hughes Tool	–57	16½	48⅝–14⅜	2.65	6.2	1.96	0.86	20.94	36	5.1
Smith Intl	–57	21¼	70¼–18	3.61	5.9	2.51	0.88	27.07	24	4.5
Baker Intl	–56	17⅜	53½–16¾	2.73	6.4	1.76	0.98	14.03	31	5.3
Halliburton	–55	30⅜	86½–21	4.21	7.2	4.29	1.50	26.89	23	5.3
NL Inds	–53	14⅝	48⅝–14¼	2.90	5.0	1.84	0.98	17.51	43	6.8
McDermott Intl	–49	17⅞	46⅝–14¾	2.86	6.3	2.12†	0.67	32.09	36	—
Schlumberger	–47	38½	87⅛–30	4.60	8.4	4.67	1.53	15.46	6	2.5
Tidewater	–47	20¾	54⅜–15½	3.63	5.7	3.45	0.99	19.09	60	4.3
Zapata	–45	14⅞	39⅝–11⅝	4.75	3.1	3.73	1.20	18.31	105	5.6
Petrolane	–35	13⅜	26½–10½	1.54	8.7	1.51	1.24	8.38	40	3.7
Camco	–19	12	22⅜– 8	2.48	4.8	2.45	0.93	8.50	33	2.0

*An index measuring cash flow after deducting cash needs. Normal among 1,000 companies is 1.00. Higher scores are favorable. †Fully diluted.
NA: Not available.
Sources: Wilshire Associates; Standard & Poor's; Institutional Brokers Estimate System (IBES) of Lynch, Jones & Ryan; Nourse Associates; John S. Herold, Inc.

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Forbes

FORD MOTOR'S MAKE-OR-BREAK YEAR

T2514030 SAMPLE 2226
JOSEPH MCNALLY 4780
SRI ACQUISITIONS DIR
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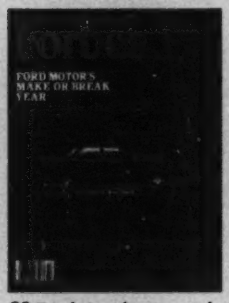
WASHINGTON DC 20014

April 25, 1983
Volume 131,
Number 9



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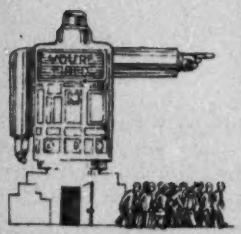

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Illustrations:
44, 83, 84, 86, 91, 183, Chas. B. Slackman; 159, Bob Conrad; 166, 168, Phil Huling

Cover Illustration: Sean Daly

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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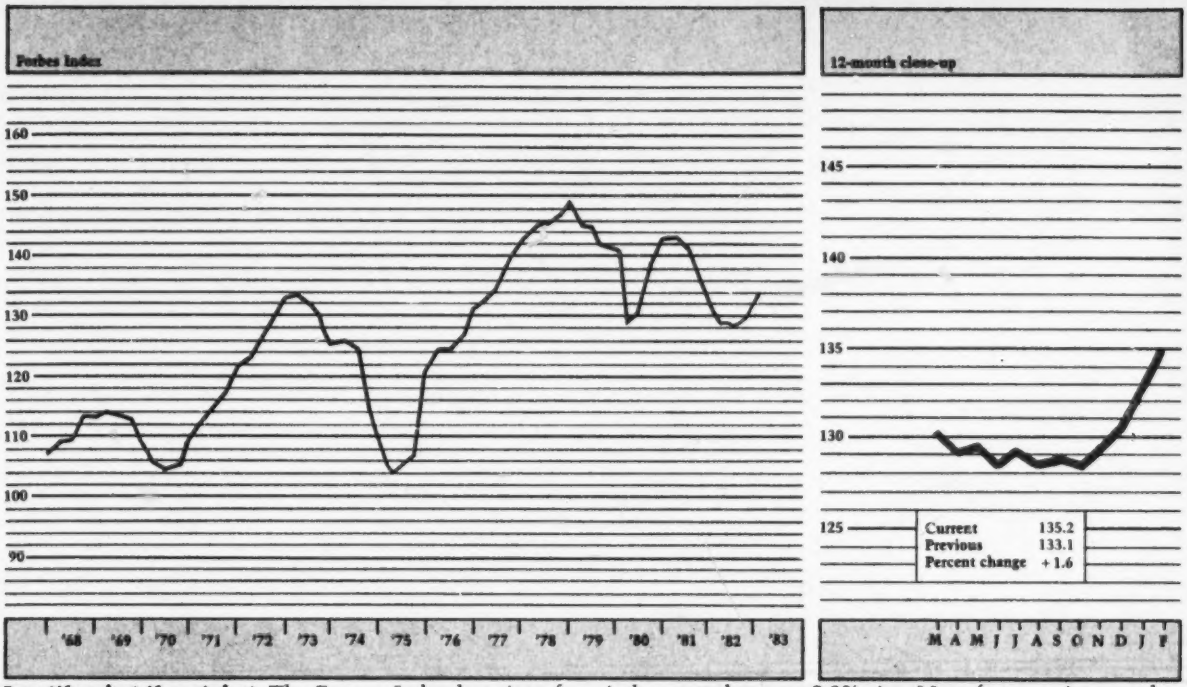
The Forbes Index



Lengthening the string. The FORBES Index has risen for the seventh time in a row. Contributing to the 1.6% gain was a decline in unemployment claims, which fell for the third consecutive month. In the latest reporting period, there were over 20% fewer claims than in December 1982.

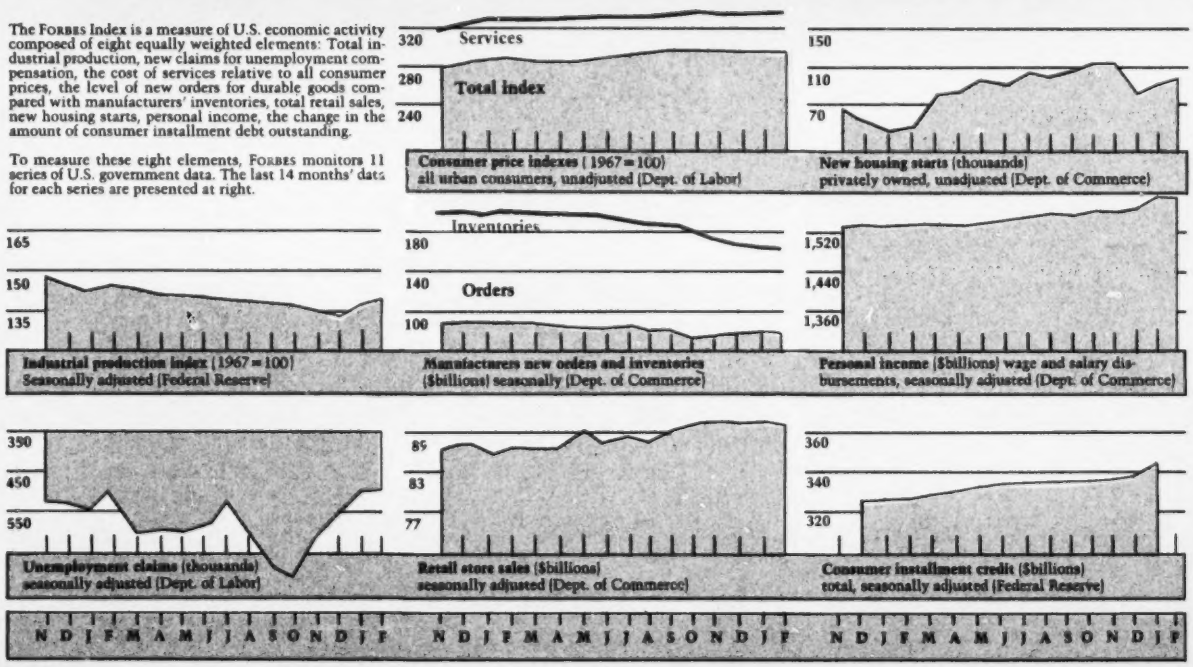
Good news also came from the inflation front, where reports of victories are becoming routine. The Consumer Price Index showed no gain at all, while the service sector index posted a scant 0.3% rise. Manufacturers' new orders were off 3.2% after jumping by 5.7% in January. Inventories are still being liquidated, having fallen 0.3%.

The best evidence that the recovery is for real, however, comes from consumer installment credit outstanding. This category, which includes automotive and revolving credit, mobile home loans and others, increased by 0.9%, compared with a 0.7% gain during the previous month.

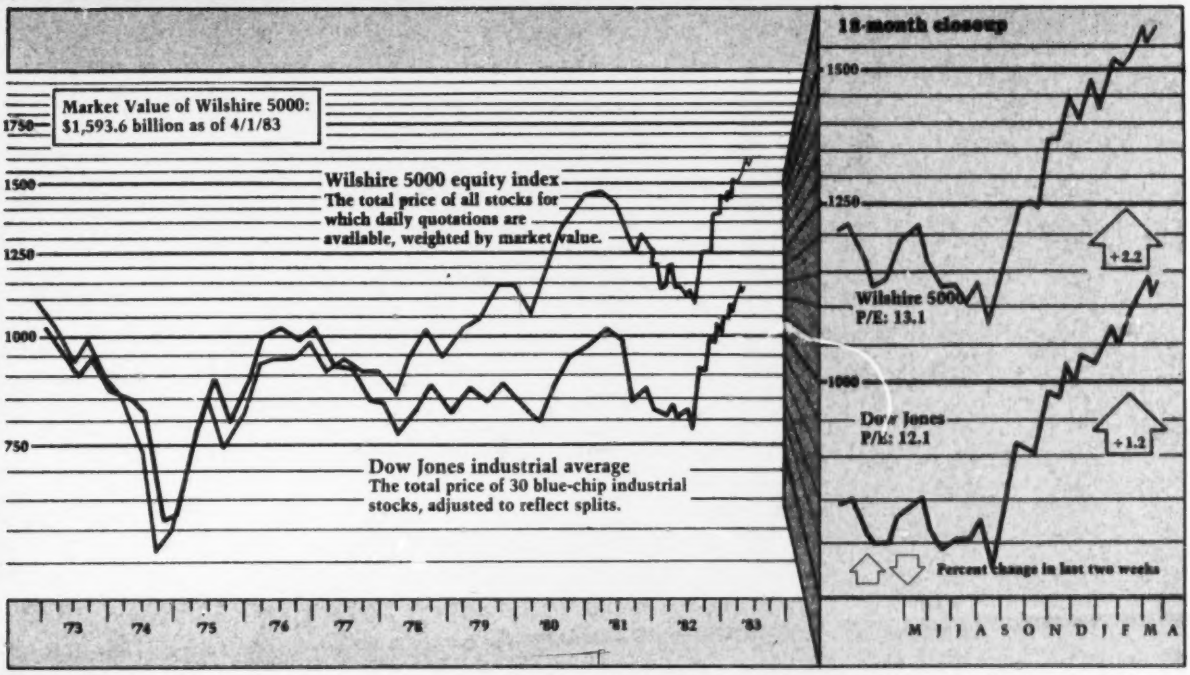
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review



A secondary wind. Secondary stocks have been leading the market as the blue chips lose momentum. While the Wilshire index was up 2.2% over the last two weeks, NASDAQ issues were ahead 2.6% over two weeks and 2.1% over four weeks. Amex issues, meanwhile, showed gains of 2.6% and 1.2%, respectively. In contrast, the Dow advanced 1.2% during the last two weeks but lost 0.7% over the past month. Near-panic buying of energy shares during the last trading day of the reporting period, listed below, helped push up the NYSE and the Amex.

The yardsticks below show that, over the four-week period, buyers focused their attention on high-volatility, high-growth and low-price shares. In the last two weeks, however, the market again turned to energy issues for leadership. The question now is whether this can produce sustainable momentum. Of late, bottom-fishing expeditions into energy stocks have produced only brief rallies.

Early in January, for instance, energy outperformed the eight other sectors, often by wide margins. Then investors backtracked for weeks. This time favorable opinions by several major brokerage houses could help support an energy stock rebound. The danger is that, if energy shares slip once again, they could drag down the rest of the market, too.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	0.1	–0.1	–0.7	–0.5	1.2	2.1
in last 52 weeks	36.7	34.1	35.6	34.4	47.7	52.7

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	4.7	1.2	2.3	5.1	1.9	5.3	5.2	1.8	2.9	4.8
in last 52 weeks	91.2	42.8	63.9	106.7	36.5	103.6	103.1	44.8	49.5	81.3

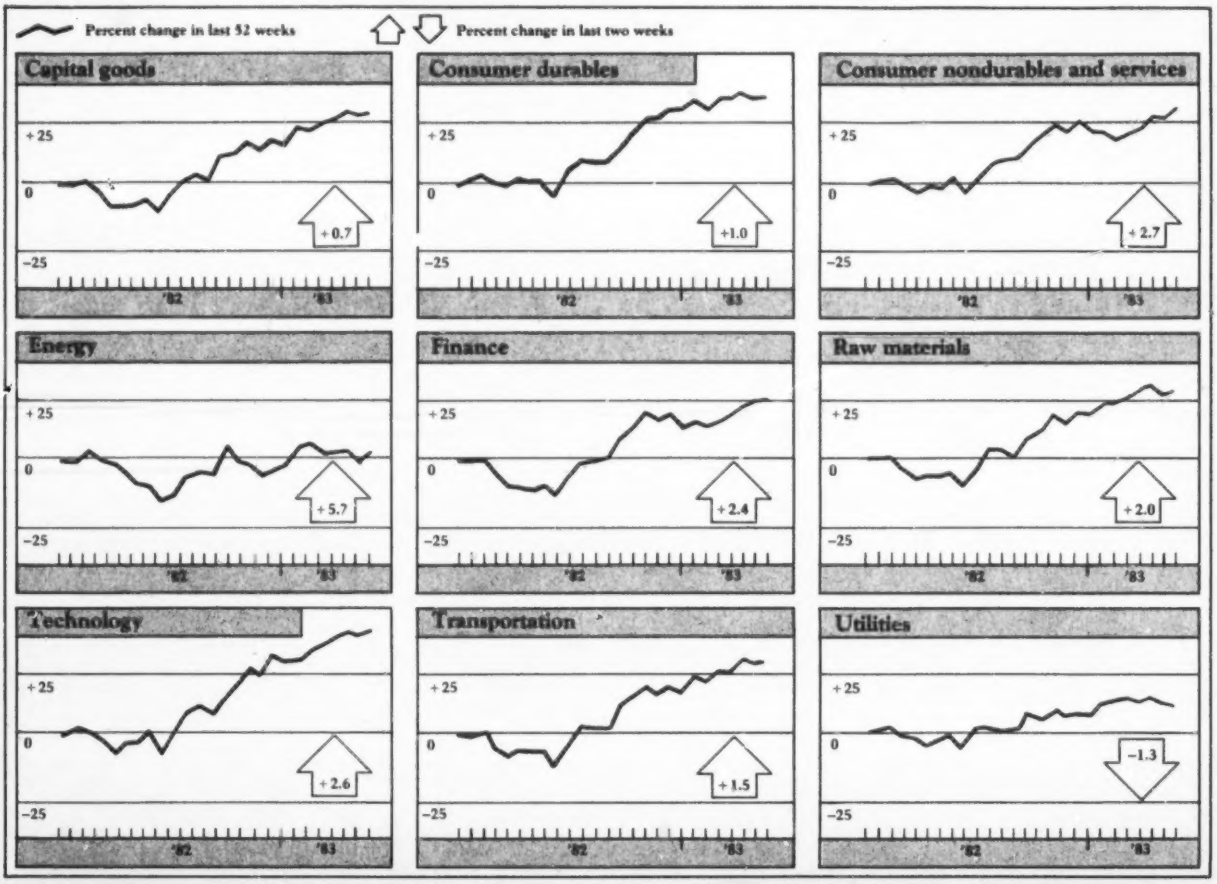
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/1/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

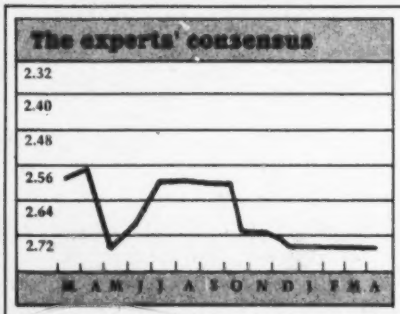
Are the lights going out? Utilities were the only group to lose ground over the last two weeks, and they were also the weakest group over the four-week period. In addition, data from the Autex Block Trading Information System show that for the last several weeks large institutions have been expressing rather strong sell-side interest in these companies. One reason could be that some investors feel interest rates are not likely to decline much further.

There were other laggards, too. Smokestack industries such as consumer durables and capital goods and services are also underperforming the market. Energy shares, on the other hand, lead the group with a 5.7% two-week gain, and consumer nondurables, technology and finance shares also made significant gains.



What The Analysts Think

The market versus the analysts. For several weeks energy and utility issues have been the analysts' top picks. Now the energy stocks have started another rebound, and if you believe what the analysts have been saying, utility issues are also good buys—even though, since early February, the power companies have been dull performers.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Energy	2.65	1	1
2	Utilities	2.67	2	2
3	Technology	2.71	3	3
4	Capital goods	2.72	4	4
5	Transportation	2.72	5	6
6	Raw materials	2.76	6	5
7	Finance	2.79	7	7
8	Consumer nondurables	2.81	8	8
9	Consumer durables	2.88	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 4/1/83. Prepared by Wilshire Associates, Santa Monica, Calif.

The market has been months ahead of the economy. Yet even now, with recovery in sight, analysts are still wearing their belts with suspenders. So what's a poor invester to do?

Wall Street: Wary optimism

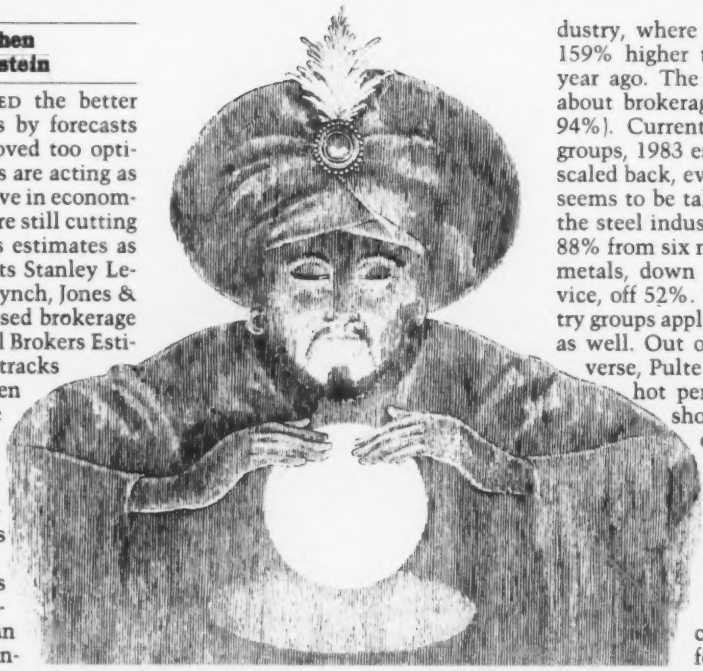
Where the analysts are becoming more optimistic

Over the past six months analysts have raised the consensus earnings estimates on these 29 issues. The revisions range from 152.5% to 26.7%. Those issues where there is little analyst agreement offer more risk but greater speculative opportunity if the optimists are right.

Company/principal business	Recent price	1982 EPS	1983 EPS estimate 9/30/1982	1983 EPS estimate recent	1983 EPS estimate % change	P/E on estimate	Analysts number	Analysts amount of agreement
Pulte Home/building	58½	$1.81	$1.49	$3.75	152.5%	15.6	7	low
HF Ahmanson/savings & loan	31½	–1.88	1.43	3.42	139.3	9.2	12	very low
Golden West Finl/savings & loan	17⅜	–0.97	1.02	2.25	120.6	7.7	12	very low
First Charter Finl/savings & loan	24½	–2.05	0.94	2.06	119.6	11.9	12	low
Asarco/metals, mining	34⅛	–2.00	0.83	1.77	112.4	19.3	13	very low
Finl Corp America/savings & loan	32½	2.40	2.20	4.64	111.2	7.0	4	average
Imperial Corp of Am/savings & loan	12⅝	–4.30	0.64	1.15	78.4	11.0	11	very low
Certain-Teed/building	22¼	–0.86	0.73	1.29	75.6	17.2	10	very low
Coleco Inds/toys, computer equip	23	2.90	2.21	3.78	71.1	6.1	12	low
Ryland Group/building	52½	1.40	2.10	3.52	67.8	14.9	7	low
Homestake Mining/mining	24⅜	0.50	0.81	1.31	62.6	18.6	11	very low
MacMillan/publishing	27¾	1.81	1.41	2.23	58.0	12.4	3	average
Phibro-Salomon/brkge, mtls trading	69	4.59	4.79	7.31	52.5	9.4	11	low
Community Psych Cntrs/health care svcs	31⅛	1.60	1.29	1.97	52.2	15.8	19	high
Great Western Finl/savings & loan	24	–2.75	1.71	2.57	50.2	9.3	14	very low
Lear Petroleum/petroleum	13¼	0.76	0.64	0.96	49.0	13.8	9	very low
Standard-Pacific/building	16¾	0.17	0.89	1.32	47.7	12.7	3	low
Kaufman & Broad/building, insurance	22¾	–1.96	0.88	1.28	46.1	17.8	5	very low
Ryan Homes/building	45	0.56	1.80	2.60	44.3	17.3	15	low
UAL/airline	35½	0.36	2.45	3.51	43.3	10.1	16	very low
Owens-Corning Fibergls/bldg materials	43¾	0.98	2.08	2.98	43.1	14.7	15	low
Petro-Lewis/petroleum	9¾	0.83	0.84	1.19	41.4	8.2	4	low
Magic Chef/appliances	25⅝	0.78	1.29	1.80	39.5	14.2	7	low
Commodore Intl/computer equip	75¾	2.64	3.59	4.95	37.9	15.3	13	low
Jim Walter/building	43¼	0.29	2.94	3.92	33.2	11.0	14	low
Levitz Furniture/furniture	61½	1.90	3.12	4.11	31.6	15.0	4	low
Grumman/aerospace	53⅛	4.13	4.77	6.21	30.2	8.6	12	very low
Quaker State Oil Ref/petroleum	20	1.77	1.62	2.09	29.1	9.6	4	average
Intergraph/computer equip	30	0.56	0.72	0.91	26.7	33.0	9	average

Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

By Steve Kichen and Paul Bornstein



AFTER BEING BURNED the better part of two years by forecasts the recession proved too optimistic, security analysts are acting as if they are afraid to believe in economic recovery. "Analysts are still cutting twice as many earnings estimates as they are raising," reports Stanley Levine, vice president of Lynch, Jones & Ryan, the New York-based brokerage firm whose Institutional Brokers Estimate System (IBES) tracks earnings estimates. Even so, there seem to be plenty of upbeat pronouncements. The ratio of increased estimates to decreased estimates, while still low, is climbing.

Hardly any group is gaining faster in the estimation of analysts than the savings and loan industry, where estimates are running 159% higher than they were half a year ago. The seers are also excited about brokerage firms (estimates up 94%). Currently, for most industry groups, 1983 estimates are still being scaled back, even as cyclical recovery seems to be taking hold. Hardest hit: the steel industry, where they are off 88% from six months ago; nonferrous metals, down 62%; and oilfield service, off 52%. What applies to industry groups applies to individual stocks as well. Out of the whole IBES universe, Pulte Home, a spectacularly hot performer on the Amex, shows the greatest increase in 1983 earnings estimates over the last six months. The biggest loser in popularity: Amsted Industries, slashed an average 78.8%.

It is an interesting challenge to find a use for earnings estimates

Where the analysts are becoming less optimistic

Despite the signs of economic recovery, analysts are still scaling down more forecasts than they are scaling up. Below are 80 issues that have been hit the hardest in Wall Street reports. These consensus estimates have been reduced 40% or more over the last six months.

Company/principal business	Recent price	1982 EPS	1983 EPS estimate 9/30/1982	1983 EPS estimate recent	1983 EPS estimate % change	P/E on estimate	Analysts number	Analysts amount of agreement
Amsted Inds/railroad equipment	27⅜	$1.65	$2.55	$0.54	−78.8%	50.7	9	very low
Parker Drilling/oilfield equip and svcs	7¾	2.65	2.30	0.56	−75.6	13.8	17	very low
Seafirst Corp/bank holding	14	−5.59	3.85	0.99	−74.3	14.1	15	very low
Jamesbury/valves	16¾	1.47	1.83	0.52	−71.6	32.2	7	very low
Westmoreland Coal/coal	15¾	1.14	2.73	0.78	−71.4	20.2	6	very low
Simpson Inds/auto equipment	16¾	1.35	2.28	0.66	−71.1	25.4	5	very low
Timken/auto equipment	55⅛	−0.27	6.73	2.00	−70.3	27.6	6	very low
Tandy Brands/specialty retail	15	0.26	1.65	0.55	−66.7	27.3	3	average
Hanna Mining/mining	26¼	−2.18	2.61	0.89	−65.9	28.4	7	very low
NL Inds/oilfield equip and svcs	14⅜	2.90	4.24	1.47	−65.3	9.8	19	very low
Joy Manufacturing/machinery	24½	4.27	4.15	1.48	−64.3	16.6	18	low
Oak Inds/electronics	11⅝	0.25	2.65	0.96	−63.8	12.1	6	very low
Caesars World/hotel, gaming	10½	0.30	1.46	0.53	−63.6	19.8	7	very low
GEO Intl/oilfield equip and svcs	9	1.47	2.22	0.81	−63.5	11.1	4	very low
Baker Intl/oilfield equip and svcs	16¼	3.60	4.05	1.50	−63.0	10.8	28	very low
Caterpillar Tractor/machinery	44¼	−2.04	3.97	1.48	−62.7	29.9	18	very low
Kaiser Cement/cement	30½	2.38	1.71	0.64	−62.5	47.7	9	very low
Ingersoll-Rand/machinery	46¼	2.35	6.13	2.42	−60.5	19.1	18	very low
Carpenter Technology/specialty steel	40¼	3.85	4.06	1.64	−59.6	24.5	8	very low
Inland Steel/steel	30⅛	−6.27	1.76	0.73	−58.5	41.3	15	very low
AE Staley Mfg/food processing	24⅝	2.75	3.17	1.32	−58.4	18.7	14	very low
Wynn's Intl/auto equipment	14⅜	−1.87	2.83	1.20	−57.6	12.0	4	very low
Smith Intl/oilfield equip and svcs	18¾	3.61	4.92	2.10	−57.3	8.9	25	very low
United Cable TV/cable TV	19⅝	1.38	1.33	0.58	−56.5	33.8	10	very low
Bearings Inc/bearings	33¾	3.01	3.78	1.67	−55.8	20.2	7	very low
Aluminum Co of Am/aluminum	31⅞	−0.15	2.81	1.24	−55.8	25.7	20	very low
Rexnord/machinery	14¾	0.35	1.39	0.62	−55.3	23.8	5	very low
Storer Communications/broadcasting	29¼	0.29	1.74	0.79	−54.6	37.0	14	very low
Northwest Industries/multicompany	33¼	8.75	9.37	4.34	−53.7	7.7	8	very low
Masco/building	33½	1.48	4.56	2.11	−53.7	15.9	12	high

Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

Statistical Spotlight

when, in general, estimates seem to trail after changes in the stock market. There is some truth in the old joke that analysts raise their earnings estimates when stocks go up and lower them when stocks go down.

Jokes aside, professors Edwin Elton and Martin Gruber at New York University have done extensive research on the IBES data. They claim to have shown that information contained in the consensus estimate is already included in the share price. It is not what the analysts say, then, but the surprises on which the analysts did not count that subsequently move stocks above or below the averages.

They also uncovered an even more interesting—and possibly more useful—phenomenon. Note the last two columns in each table. One tells you how many analysts prognosticated on that stock. The other column, labeled

Where the analysts are becoming less optimistic

Company/principal business	Recent price	1982 EPS	1983 EPS estimate 9/30/1982	1983 EPS estimate recent	1983 EPS estimate % change	P/E on estimate	Analysts number	Analysts amount of agreement
Occidental Petrol/energy, food proc	18⅞	$0.69	$3.82	$1.78	−53.4%	10.6	14	very low
Hughes Tool/oilfield equip and svcs	16⅜	2.65	3.80	1.78	−53.2	9.2	24	very low
Pacific Resources/petroleum	8¾	0.79	1.87	0.88	−52.9	9.9	3	very low
Alcan Aluminium/aluminum	30⅜	−0.69	2.21	1.05	−52.4	28.9	16	very low
Franklin Electric/electrical equipment	17½	0.28	2.07	0.99	−52.2	17.7	4	low
Intermedics/health care prods	20⅝	0.78	2.56	1.24	−51.6	16.6	11	very low
RLC/trucking	12	0.51	1.17	0.57	−51.4	21.1	3	very low
Dresser Industries/oilfield equip and svcs	16⅛	2.19	2.83	1.38	−51.2	11.7	24	very low
Daniel Inds/oilfield equip and svcs	9½	1.74	1.99	0.98	−50.7	9.7	3	low
Cross & Trecker/machinery	26⅜	3.13	1.11	0.55	−50.5	48.0	16	very low
Parker-Hannifin/machinery	26¾	2.12	2.50	1.25	−50.0	21.4	14	very low
Allegheny Intl/multicompany	29⅝	0.21	5.76	2.95	−48.8	10.0	6	very low
Fruehauf/trucking	31¾	−2.47	3.15	1.62	−48.6	19.6	5	very low
National Micronetics/computer equip	20½	1.01	1.36	0.70	−48.5	29.3	4	average
Gelco/transp and leasing svcs	19¾	2.51	3.20	1.66	−48.1	11.9	9	very low
Cameron Iron Works/oilfield equip, svcs	17⅞	5.02	4.36	2.28	−47.7	7.8	9	low
Eaton Corp/auto equipment	34	−6.74	4.66	2.46	−47.2	13.8	16	very low
Warner Communications/entertainment	28¾	3.46	6.77	3.61	−46.7	8.0	22	low
Lone Star Inds/cement	34¼	0.05	1.95	1.04	−46.7	32.9	10	very low
Datapoint/computer equip	21¾	0.12	1.17	0.63	−46.3	34.5	14	very low
Frontier Holdings/airline	19⅝	1.67	3.70	2.00	−46.0	9.8	12	low
Stewart & Stevenson/machinery	12⅜	1.84	2.88	1.56	−45.9	7.9	4	average
Cooper Inds/machinery	28	2.75	4.31	2.35	−45.5	11.9	18	low
Measurex/electrical equipment	22⅜	−0.10	1.25	0.68	−45.5	32.9	5	low
Graniteville/textiles	10⅞	−3.26	1.00	0.55	−45.0	19.8	4	very low
Sabine/oil and gas explor, dev, prod	18½	1.54	2.33	1.29	−44.6	14.3	15	very low
Moore McCormack Res/transp, resrcs	26½	1.09	3.45	1.91	−44.6	13.9	8	low
PSA/airline	28½	3.16	4.80	2.68	−44.2	10.6	8	very low
Materials Research/industrial equipment	27⅜	0.21	1.21	0.68	−43.8	40.3	3	very low
Siltec/semiconductors	11¾	−0.19	1.03	0.58	−43.5	20.3	3	very low
Midland-Ross/machinery	16¾	0.10	2.23	1.26	−43.5	13.3	8	very low
Celanese/chemicals, textiles	55¾	0.05	6.67	3.78	−43.3	14.7	19	low
Omark Industries/machinery	20⅛	1.86	2.06	1.17	−43.1	17.2	9	low
Norton Co/machinery	38⅝	1.13	4.65	2.67	−42.6	14.5	8	low
Spectra-Physics/precision instruments	25¼	0.22	1.08	0.62	−42.5	40.7	9	very low
Zenith Radio/electronics	16½	−1.15	0.89	0.51	−42.4	32.4	10	very low
Manitowoc/construction equipment	18¾	2.95	1.63	0.94	−42.3	19.9	4	very low
Digicon/oilfield services	9¾	2.81	2.61	1.51	−42.2	6.5	8	very low
Ideal Basic Inds/cement	22⅛	−1.81	1.29	0.75	−42.0	29.5	6	very low
Tonka/toys	18	−0.65	2.07	1.20	−41.9	15.0	3	very low
Delta Air Lines/airline	49¼	0.52	2.61	1.52	−41.8	32.4	18	very low
Natomas/oil and gas explor, dev	14⅜	0.64	4.55	2.66	−41.6	5.4	16	very low
GCA/precision instruments	36⅜	−1.77	1.49	0.87	−41.6	41.8	19	very low
Allen Group/auto equipment	1⅞	−2.44	2.22	1.30	−41.4	1.4	7	low
Petrolane/oilfield equip and svcs	12⅞	2.00	2.26	1.33	−41.2	9.7	14	very low
AMR Corp/airline	27¼	−1.00	3.88	2.29	−41.0	11.9	19	very low
Rollins Inc/industrial services	14⅛	1.70	2.08	1.23	−41.0	11.5	8	low
GATX/railroad equipment	29⅛	2.41	3.84	2.29	−40.3	12.7	10	low
XTRA/trucking	24½	1.29	2.70	1.62	−40.1	15.1	4	very low
Gifford-Hill/cement	19⅛	0.07	2.03	1.22	−40.0	15.7	5	low

Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

Statistical Spotlight

"amount of agreement," describes the coefficient of variation—a measure of how close or far apart the analysts were in their estimates. There are five agreement ranks, from "very high" to "very low."

According to Elton and Gruber, a low or very low level of agreement among analysts can sometimes point to better investment opportunities than a very high level of agreement. Little in the way of market surprise would be expected from a utility like Houston Industries *(p.192)*, for example, which has a high level of agreement on its consensus estimate from 19 analysts.

However, Elton and Gruber believe it is still possible to earn above-market returns, if you can locate those stocks for which analysts most underestimate earnings. Therefore, issues graded "very low" in consensus could turn out to be superior performers, if final earnings figures range on the high side. "In uncertainty there is profit," is what they are telling us. There is often widespread divergence on estimates of steel, auto parts, trucking, railroads and airlines.

The tables starting on pages 182 and 183 list 109 companies that have had significant changes in estimates—either up or down—over the last six months. The list is thickly populated with machinery and oilfield equipment and service companies.

Starting on pages 188 and 190 are alphabetical lists for 51 companies that analysts expect to make major earnings moves in 1983, versus 1982. A number of consumer and service areas—for example, insurance, building materials, appliances and auto equipment—are well represented. But if past history is any guide, the best investment opportunities could lie with industries in which there is still heavy pessimism and little agreement, such as oilfield equipment and services.

Where the analysts predict declines

Last year was tough enough for most firms, but analysts expect this year to be even worse for these 38 companies. The expected declines in earnings range from 27.5% to 82.4%. But, for contrarians, those issues in which the experts prove too pessimistic can rebound sharply.

Company/principal business	Recent price	Earnings per share 1982	Earnings per share 1983 est	Earnings per share % change	P/E on estimate	Analysts number	Analysts amount of agreement
Amstar/sugar processing	25⅞	$4.31	$2.86	–33.6%	9.0	4	very low
Amsted Industries/railroad equipment	27⅜	1.65	0.54	–67.3	50.7	9	very low
Baker Intl/oilfield equip, svcs	16¼	3.60	1.50	–58.3	10.8	28	very low
Bearings Inc/bearings	33¾	3.01	1.67	–44.5	20.2	7	very low
Cameron Iron Works/oilfield eq, svcs	17⅞	5.02	2.28	–54.6	7.8	9	low
Carpenter Technology/specialty steel	40¼	3.85	1.64	–57.4	24.5	8	very low
Cross & Trecker/industrial machinery	26⅜	3.13	0.55	–82.4	48.0	16	very low
Daniel Inds/oilfield equip, svcs	9½	1.74	0.98	–43.7	9.7	3	low
Digicon/oilfield services	9¾	2.81	1.51	–46.3	6.5	8	very low
Dresser Industries/oilfield equip, svcs	16⅛	2.19	1.38	–37.0	11.7	24	very low
Enterra/oilfield equip, svcs	16	3.17	1.13	–64.4	14.2	3	very low
Gelco/transp, leasing svcs	19¾	2.51	1.66	–33.9	11.9	9	very low
GEO Intl/oilfield equip, svcs	9	1.47	0.81	–44.9	11.1	4	very low
Global Marine/oilfield services	7¾	2.71	1.93	–28.8	4.0	16	low
Helmerich & Payne/drilling	17⅜	2.98	2.16	–27.5	8.0	17	average
Hughes Tool/oilfield equip, svcs	16⅜	2.65	1.78	–32.8	9.2	24	very low
International Minerals/minerals	39	4.56	3.27	–28.3	11.9	16	low
Jamesbury/valves	16¾	1.47	0.52	–64.6	32.2	7	very low
Joy Manufacturing/machinery	24½	4.27	1.48	–65.3	16.6	18	low
Kaiser Cement/cement	30½	2.38	0.64	–73.1	47.7	9	very low
Manitowoc/construction equip	18¾	2.95	0.94	–68.1	19.9	4	very low
National Micronetics/computer equip	20½	1.01	0.70	–30.7	29.3	4	average
NL Industries/oilfield equip, svcs	14⅜	2.90	1.47	–49.3	9.8	19	very low
Northwest Industries/multicompany	33¼	8.75	4.34	–50.4	7.7	8	very low
Omark Industries/machinery	20⅛	1.86	1.17	–37.1	17.2	9	low
Parker Drilling/equip, svcs	7¾	2.65	0.56	–78.9	13.8	17	very low
Parker-Hannifin/machinery	26¾	2.12	1.25	–41.0	21.4	14	very low
Petrolane/oilfield equip, svcs	12⅞	2.00	1.33	–33.5	9.7	14	very low
HH Robertson/machinery	30¼	5.57	4.01	–28.0	7.5	3	average
Rollins Inc/industrial services	14⅛	1.70	1.23	–27.6	11.5	8	low
Rowan Cos/onshore drilling	9¾	2.36	1.40	–40.7	7.0	19	very low
Simpson Industries/auto equipment	19¾	1.35	0.66	–51.1	29.9	5	very low
Smith Intl/oilfield equip, svcs	18¾	3.61	2.10	–41.8	8.9	25	very low
AE Staley Mfg/food processing	24⅝	2.75	1.32	–52.0	18.7	14	very low
Unifi/textiles	16¾	1.87	1.15	–38.5	14.6	3	low
United Cable TV/cable TV	19⅝	1.38	0.58	–58.0	33.8	10	very low
Westmoreland Coal/coal	15¾	1.14	0.78	–31.6	20.2	6	very low
Zapata/oilfield equipment	14⅝	4.73	3.40	–28.1	4.3	11	average

Source: International Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

Statistical Spotlight

Where the analysts expect the biggest gains

Wall Street's experts are betting that these issues will show earnings gains of 58.3% or more in 1983. But remember: There is very high agreement of opinion on only two issues, TRE Corp. and Lennar. In contrast, there is wide disagreement among analysts on 16 of these stocks.

Company/principal business	Recent price	Earnings per share 1982	Earnings per share 1983 est	Earnings per share % change	P/E on estimate	Analysts number	Analysts amount of agreement
Alexander & Alexander/insurance	22⅛	$0.60	$1.99	231.7%	11.1	14	average
Airborne Freight/freight forwarding	20¾	0.77	1.38	79.2	15.0	11	low
Amerada Hess/petroleum	21⅛	2.00	3.50	75.0	6.0	17	low
American Standard/building materials	33⅝	1.30	2.42	86.2	13.9	13	low
AMF/recreation, ind equip	16⅞	0.53	2.05	286.8	8.2	5	average
Anchor Hocking/packaging, containers	25¼	1.25	2.16	72.8	11.9	9	low
Armstrong World Inds/home furnishgs	27⅝	0.95	1.80	89.5	15.3	14	average
AVX/electronics	27	0.64	1.37	114.1	19.7	3	low
AXIA/construction equip	20⅛	0.65	1.37	110.8	14.7	3	low
Bear Creek/mail-order sales	22¼	1.34	2.18	62.7	10.2	3	average
Brock Hotel/hotels	9	0.55	0.91	65.5	9.9	4	very low
Brunswick/recreation prods	27¼	1.49	3.12	109.4	8.7	7	low
Burroughs/computer equipment	46⅝	2.17	4.51	107.8	10.3	23	average
Cascade Natural Gas/natural gas	10⅛	0.85	1.46	71.8	6.9	3	low
CBS/broadcasting	68¾	4.01	6.74	68.1	10.2	21	average
Champion Spark Plug/auto equipment	9½	0.70	1.14	62.9	8.3	6	very low
Chesapeake Corp Va/pkg, containers	31½	1.29	2.07	60.5	15.2	6	low
Chrysler/automotive	16⅝	0.97	2.95	204.1	5.6	14	very low
Cipher Data Prods/computer equip	30¼	0.60	0.95	58.3	31.8	3	NA
Commodore Intl/computer equip	75¾	2.64	4.95	87.5	15.3	13	low
Continental Illinois/bank holding	22⅝	2.12	3.90	84.0	5.8	24	low
Cooper Labs/health care prods	77⅝	2.42	4.52	86.8	17.2	3	average
Corcom/electronics	24	0.94	1.54	63.8	15.6	4	average
CTS Corp/electronics	37½	1.57	2.51	59.9	14.9	5	low
Cordis/health care equipment	80½	0.75	2.83	277.3	28.4	9	low
Core Labs/oilfield equip, svcs	10¾	0.60	1.01	68.3	10.6	3	low
Crompton & Knowles/specialty chems	24	1.05	2.45	133.3	9.8	3	average
Dana Corp/auto equipment	33⅞	1.43	2.75	92.3	12.3	13	low
Delta Air Lines/airline	49¼	0.52	1.52	192.3	32.4	18	very low
Dr Pepper/beverages	12½	0.58	1.21	108.6	10.3	17	low
Ducommun/electronics	39	1.39	2.77	99.3	14.1	5	low
El Paso Co/gas pipeline	16⅝	1.08	2.30	113.0	7.2	16	low
Electro-Biology/health care equipment	36¼	0.75	1.57	109.3	23.1	8	average
Emery Air Freight/freight forwarding	15½	0.65	1.29	98.5	12.0	14	low
Federal Co/food processing	27¼	2.14	3.94	84.1	6.9	6	high
Ferro Corp/building materials	32⅜	1.37	2.43	77.4	13.3	9	low
Freeport-McMoRan/metals, mining	20¼	0.95	1.74	83.2	11.6	14	low
Financial Corp of Am/savings & loan	32½	2.40	4.64	93.3	7.0	4	average
First Oklahoma Bancorp/bank holding	16½	2.02	3.22	59.4	5.1	3	average
Fremont General/insurance	24	0.54	1.37	153.7	17.5	7	very low
GAF/building materials	16¾	1.01	1.63	61.4	10.0	4	very low
General Dynamics/aerospace	45½	2.40	4.57	90.4	10.0	21	average
General Motors/automotive	59⅛	3.09	8.29	168.3	7.1	18	low
General Pub Util/electric utility	7½	0.55	0.97	76.4	7.7	10	very low
GenRad/electronics	31½	0.63	1.12	77.8	28.1	16	average
General Tire & Rubber/tire and rubber	34	0.78	3.69	373.1	9.2	8	low
Gulfstream Land & Dev/land dev, bldg	26¼	1.01	2.42	139.6	10.8	3	very low
Hawaiian Electric/electric utility	32½	2.35	3.78	60.9	8.6	10	average
Holiday Inns/hotels, gaming	39½	1.94	3.11	60.3	12.7	19	average
Walter E Heller Intl/finance	30⅛	1.34	2.94	119.4	10.2	4	average
Homestake Mining/mining	24⅜	0.51	1.31	156.9	18.6	11	very low
HON Inds/office equipment	22¾	1.04	1.75	68.3	13.0	4	low
Hoover Universal/auto equip	28¼	1.79	2.94	64.2	9.6	5	average

NA: Not available.

Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

Statistical Spotlight

Where the analysts expect the biggest gains

Company/principal business	Recent price	Earnings per share 1982	Earnings per share 1983 est	Earnings per share % change	P/E on estimate	Analysts number	Analysts amount of agreement
Horn & Hardart/restaurants	26½	1.14	2.08	82.5	12.7	3	low
Houston Industries/electric utility	20¾	1.62	3.86	138.3	5.4	19	high
Insilco/metal fabricating	23¼	0.85	1.90	123.5	12.2	5	average
Intel/electronics	46¾	0.65	1.35	107.7	34.6	29	low
Intergraph/computer equipment	30	0.56	0.91	62.5	33.0	9	average
Interlake/steel	33⅝	0.92	2.70	193.5	12.5	5	low
Intermedics/health care products	20⅝	0.78	1.24	59.0	16.6	11	very low
InterNorth/natural gas	25⅛	3.01	4.84	60.8	5.2	16	average
Jackson National Life/insurance	27¾	1.44	3.11	116.0	8.9	4	high
Lennar/building	25	0.51	1.38	170.6	18.1	3	very high
Levitz Furniture/furniture	61½	1.90	4.11	116.3	15.0	4	low
Magic Chef/appliances	25⅝	0.78	1.80	130.8	14.2	7	low
Manufacturers National/bank holding	29¾	2.38	6.00	152.1	5.0	3	average
Mattel/toys	11¾	1.78	2.94	65.2	4	8	average
Mesa Petroleum/petroleum	10⅝	0.99	1.61	62.6	6.6	18	low
Moore McCormack Res/trans, natl res	26½	1.09	1.91	75.2	13.9	8	low
Murray Ohio Mfg/recreation equip	23	1.63	2.83	73.6	8.1	8	low
Naples Federal S&L/savings & loan	26⅝	0.70	2.95	321.4	9.0	3	high
National Gypsum/building materials	33¼	0.89	1.99	123.6	16.7	9	low
Natomas/oil explor, development	14⅜	0.64	2.66	315.6	5.4	16	very low
Newmont Mining/mining	49¼	1.76	3.21	82.4	15.3	17	low
Northern Ind Pub Svc/electric utility	13½	0.90	1.58	75.6	8.5	15	low
Northwestern Natl Life/insurance	35¾	1.33	5.06	280.5	7.1	4	low
Norton Co/industrial prods	38⅝	1.13	2.67	136.3	14.5	8	low
Occidental Petrol/energy, food proc	18⅞	0.69	1.78	158	10.6	14	very low
Oshman's Sporting Gds/specialty retail	23¼	1.05	1.73	64.8	13.4	3	high
Owens-Corning Fiber/bldg materials	43¾	0.98	2.98	204.1	14.7	15	low
Owens-Illinois/paper and forest prods	32⅝	1.28	3.70	189.1	8.8	12	average
Ozark Air Lines/airline	15¼	0.77	1.88	144.2	8.1	10	very low
PACCAR/automotive	97¾	4.11	6.79	65.2	14.4	9	very low
Pacific Lumber/paper and forest prods	27⅝	0.89	1.55	74.2	17.8	10	low
Pennwalt Corp/specialty chemicals	37¾	2.10	3.81	81.4	9.9	7	low
Pioneer Corp/natural gas	18½	1.66	3.08	85.5	6.0	18	low
Pope & Talbot/forest products	21⅛	0.72	1.69	134.7	12.5	4	very low
Potlatch/forest products	41½	0.87	2.29	163.2	18.1	18	low
Pulte Home/building	58½	1.81	3.75	107.2	15.6	7	low
Puritan Fashions/apparel	22½	2.19	3.58	63.5	6.3	3	average
Progressive (Ohio)/insurance	42¾	2.43	3.86	58.8	11.1	7	low
Robertshaw Controls/appliances	30⅜	1.55	2.64	70.3	11.5	3	average
Ryan Homes/building	45	0.56	2.60	364.3	17.3	15	low
Ryland Group/building	52½	1.40	3.52	151.4	14.9	7	low
St Regis Paper/paper and forest prods	31⅜	1.29	2.33	80.6	13.5	19	low
Sealed Air/packaging, containers	32¼	1.35	2.26	67.4	14.3	10	low
Soo Line RR/railroad	33⅛	2.01	3.53	75.6	9.4	3	low
Southern Union/natural gas	16⅞	1.96	3.13	59.7	5.4	5	average
Superior Ind Intl/auto equipment	10⅝	0.58	1.20	106.9	8.9	3	low
System Inds/computer equipment	13½	0.54	0.96	77.8	14.1	4	average
Tandon/computer equipment	40	0.73	1.23	68.5	32.5	12	average
Thermo Electron/machinery	22½	0.60	1.00	66.7	22.5	7	very low
Towle Manufacturing/household prods	23½	1.16	2.63	126.7	8.9	5	average
TRE Corp/aerospace	31	0.88	1.51	71.6	20.5	3	very high
Trans World/airline	33⅝	0.54	3.31	513.0	10.2	18	low
Tyler Corp/building materials	24½	1.08	1.85	71.3	13.2	7	low
Tymshare/computer services	22	0.73	1.18	61.6	18.6	14	low
United Energy Res/natural gas	27	4.25	7.27	71.1	3.7	16	average
US Home/building	31⅛	0.63	2.07	228.6	15.0	14	low
US Surgical/health care prods	28¼	0.80	1.33	66.3	21.2	13	low
Weyerhaeuser/forest products	38	0.90	2.15	138.9	17.7	19	low
HJ Wilson/retail	18⅞	0.72	2.14	197.2	8.8	8	average
Yellow Freight System/trucking	23⅞	0.75	1.79	138.7	13.3	14	low

Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

MAY 9, 1983 THREE DOLLARS

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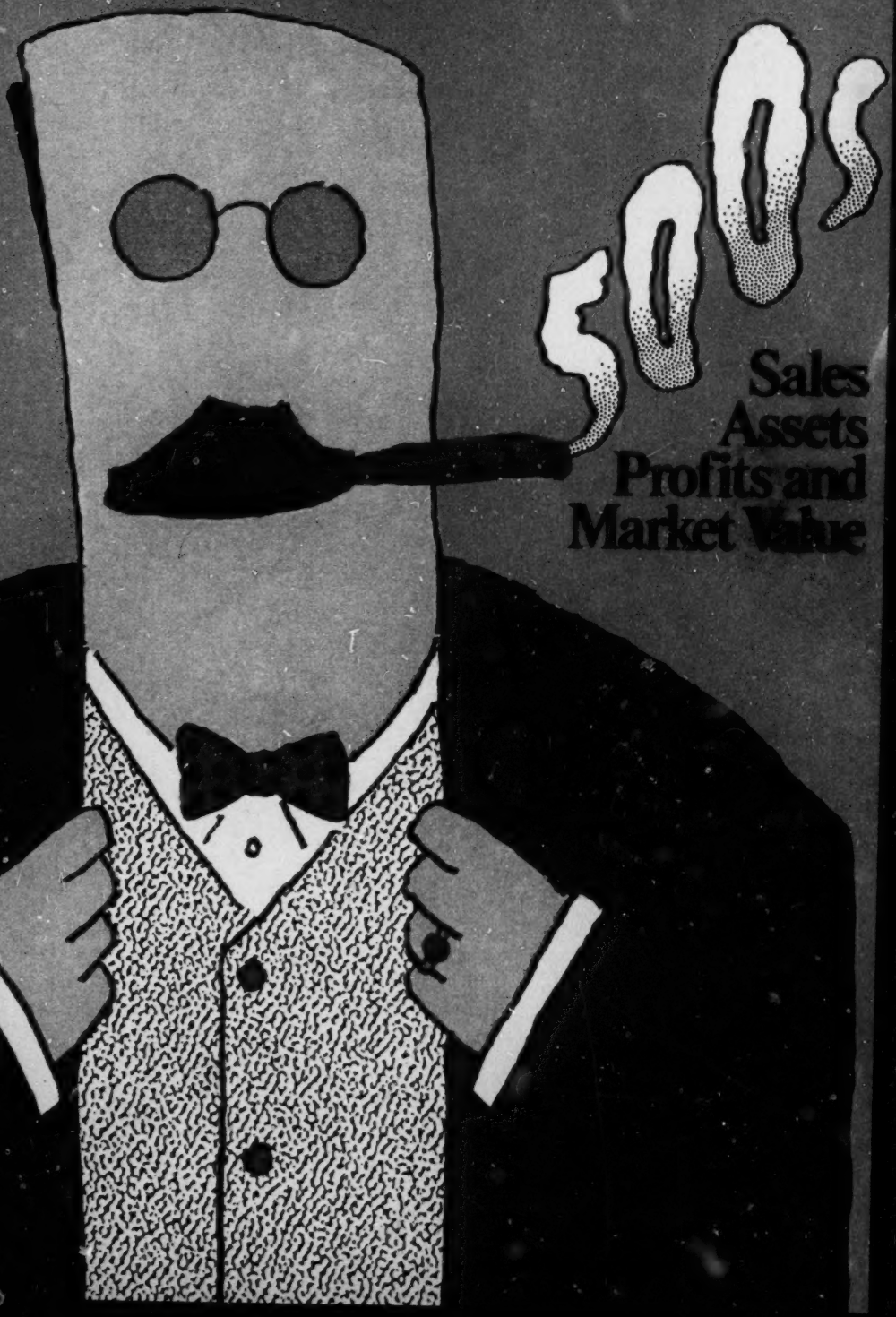
Forbes

Annual Directory Issue

The Nation's Largest Companies Ranked Four Ways



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Sales Assets Profits and Market Value

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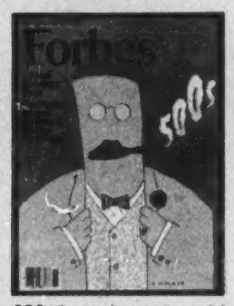
Number 10



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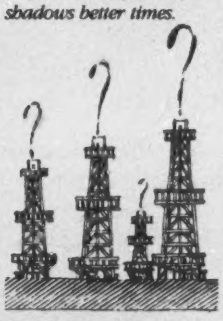

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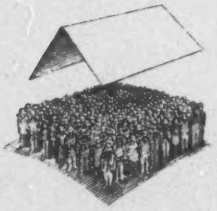

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Illustrations:
55, 115, 116, Chas. B. Slackman; 176, Tim Lewis; 194, Laszlo Kubinyi

Cover Illustration: Seymour Chwast

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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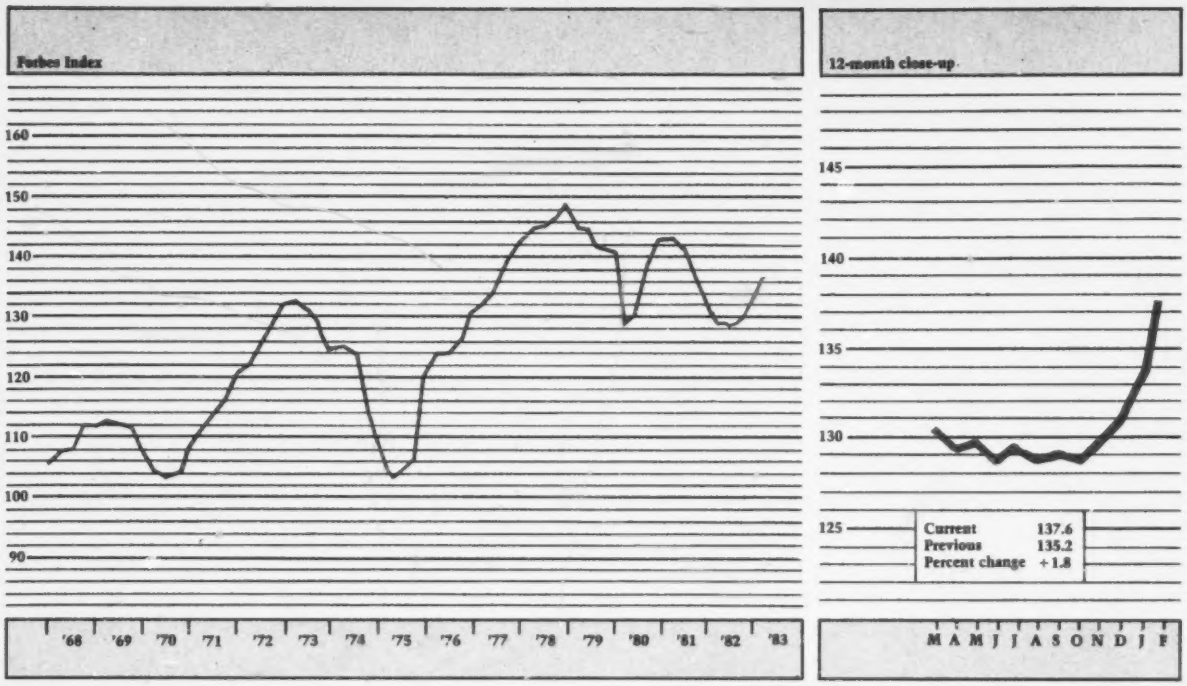
The Forbes Index



Up but not away. The Forbes Index has posted its fifth consecutive increase. Consumers, gaining confidence that the recovery is for real, are largely responsible.

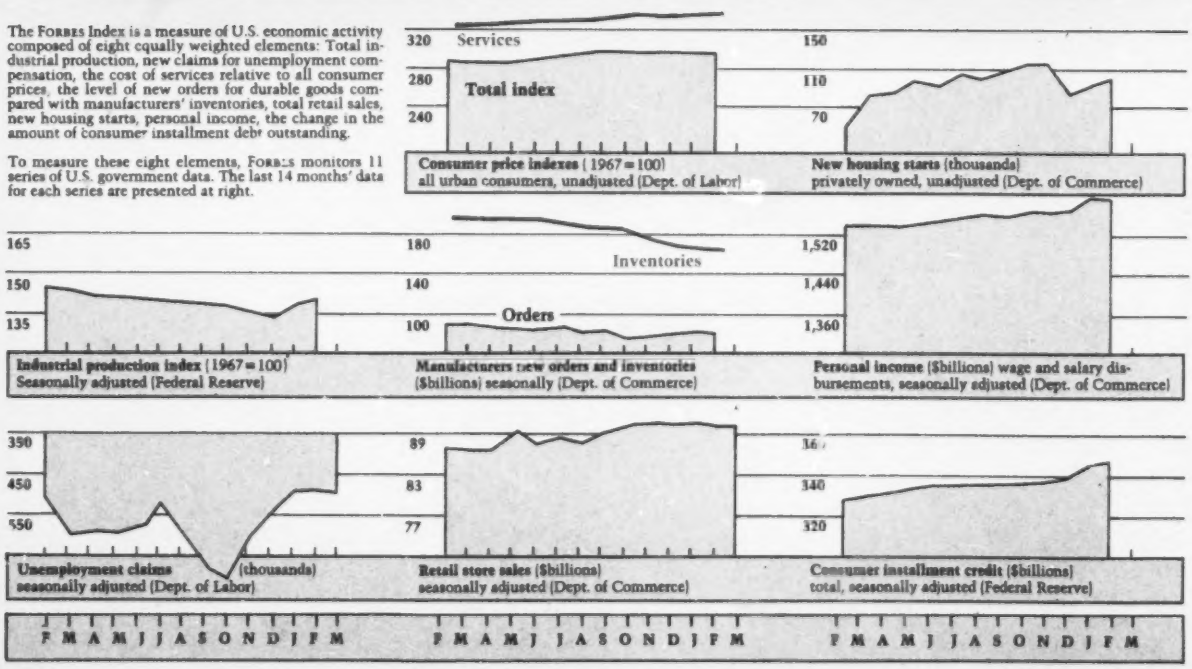
Retail store sales were up 0.3% on a revised basis during the latest reporting period. That compares with a 1.2% decline in February. Installment credit outstanding expanded by 0.5%, but that is less than the 0.9% increase a month earlier. These figures indicate that consumers are spending but have yet to spend big.

Then there's the negative news. New claims for unemployment edged up slightly in March. This is disturbing, since it follows four consecutive monthly declines.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



Is there no alternative to giving the IMF a massive injection in order to solve the world credit mess? Yes, but most politicians and bankers would rather not hear it.

Write down loans? Perish the thought

By Howard Banks

AS WE ALL HAVE been told in numbing detail, the international loan mess is about to be papered over with a $32 billion increase in the funds available to the International Monetary Fund. At least $8.4 billion, and probably more, of the IMF quota increase—a 47.5% boost in the fund's lendable deposits—will come from the U.S. However you cut the situation, it's another taxpayer bailout of other people's mistakes.

The Reagan Administration strongly supports the quota increase for the IMF, the vast credit cooperative created by the 1944 Bretton Woods agreement to help its 146 member nations when they have balance of payments problems. The Reagan Administration fears that the more than half-trillion-dollar debt overhang of non-OPEC Third World countries might stall any chance of domestic economic recovery. Hence its eagerness to help the IMF.

Without IMF aid, many Third World countries will not be able to meet even the interest payments on their monumental debt, and those debts would have to be written down in American banks' books. That means the banks would be less able to lend to American industry and business in order to fuel the nascent domestic recovery. And Third World countries would be unable to keep up even a minimal level of importing, which would further dampen business in America.

Goodness knows, the exposure of the major U.S. banks is nothing to sneeze at: Manufacturers Hanover has close to $7 billion lent out to the less developed countries (245% of equity); Chase Manhattan, $6 billion (220%); and Citicorp, $9.8 billion (200%). The nation's ten largest banks have an average of 170% of their equity lent to the Third World. It's a scary situation, but it isn't reflected in bank earnings or balance sheets. The reason it isn't reflected is that even where interest payments are late, the loans are not being classified—as would be the case with domestic loans. Where no cash interest is forthcoming, the banks simply tack unpaid interest onto principal that isn't being repaid either. Thus U.S. bank revenue and profitability look better than reality might suggest *(see* FORBES, *Apr. 11).*

Bankers' interest in maintaining that none of the Third World debts is bad coincides with the Reagan Administration's desire to maintain lending, particularly to Latin America, whose political stability is vital to the U.S. Moreover, the IMF can do what the U.S. government cannot do: force the debtor governments to adopt less irresponsible fiscal policies.

There are two questions involved: Is it necessary to avoid default at any cost? And, is it right to ask the taxpayers to bail out bankers' bad loans? For those who think the answer to both questions is "no," there is an alternative course of action. Paul Craig Roberts, until recently an assistant secretary at the Treasury, explains: "The alternative to an IMF bailout is not

The IMF's worry list

These ten countries are on the International Monetary Fund's "most worried" list. It is not how much they owe—their debt to the IMF is small compared with the billions of dollars they owe to governments and commercial banks. The worry is whether they can pay back anything at all. The comment is FORBES' summation of the IMF's concern.

Country	Debt to IMF in millions of SDRs	Comment
Mexico	300.9	Hit by falling oil prices but expected to recover, poorer but wiser.
Brazil	498.8	Hit by recession—and import restrictions imposed by others in trouble—but helped by falling oil prices.
Argentina	820.8	Hit by cost of lost war over Falklands and paralyzed by a military government that has no idea of economic management.
Chile	419.8	Copper's tarnish rubs off on the Chicago school.
Rumania	776.5	A Balkan country that gives despotism a bad name.
Hungary	214.5	Nobody at the IMF is losing much sleep over this one these days.
Sudan	450.5	A basket case that cannot be cut off for humanitarian reasons—and also for fear that the Soviets might take over.
Uganda	243.0	The ghost of Idi Amin still walks.
Bangladesh	374.1	Have pity!
Jamaica	561.9	Just, maybe, recovering.

Note: Poland is not a member of the IMF, for which its officers give nightly thanks.

default, but a partial writedown of some of the loans"—to a more rational and realistic value in the banks' books. The effect on bank profits would be sharp, of course. But so it should be, says George Champion, the respected retired chairman of Chase Manhattan, who refused point-blank to allow the Chase in his day to lend to any foreign government or government-owned entity. Champion agrees with Roberts that the banks should be made to bite the bullet. Champion says: "It [would] mean cutting down on the published earnings of the banks very materially, and that is what they [bankers] object to. It would mean that a lot of those fellows who have been getting big bonuses would be without them." What about the bankers' jobs? "Some of them should get the sack, no question. Management has to be held accountable."

Not surprisingly, bankers now in charge do not agree. "That's unfair," says George Clark, a senior vice president at Citicorp. "We may still be showing these loans at full value and not writing them off against revenues. But look at our stock prices. Our multiples are at 5 to 6 times earnings. I'm feeling considerable pain through my stock options."

No one is suggesting there should be any suicidal change in banks' accounting policies. "It has to be realistically handled over a number of years," says Champion. What he has in mind is for banks to write down all nonperforming loans using 50% of their pretax profits, creating each year an extra quarter percentage point of reserves. "They are going to show enormous first-quarter earnings," he says. "It's a terrific opportunity to start."

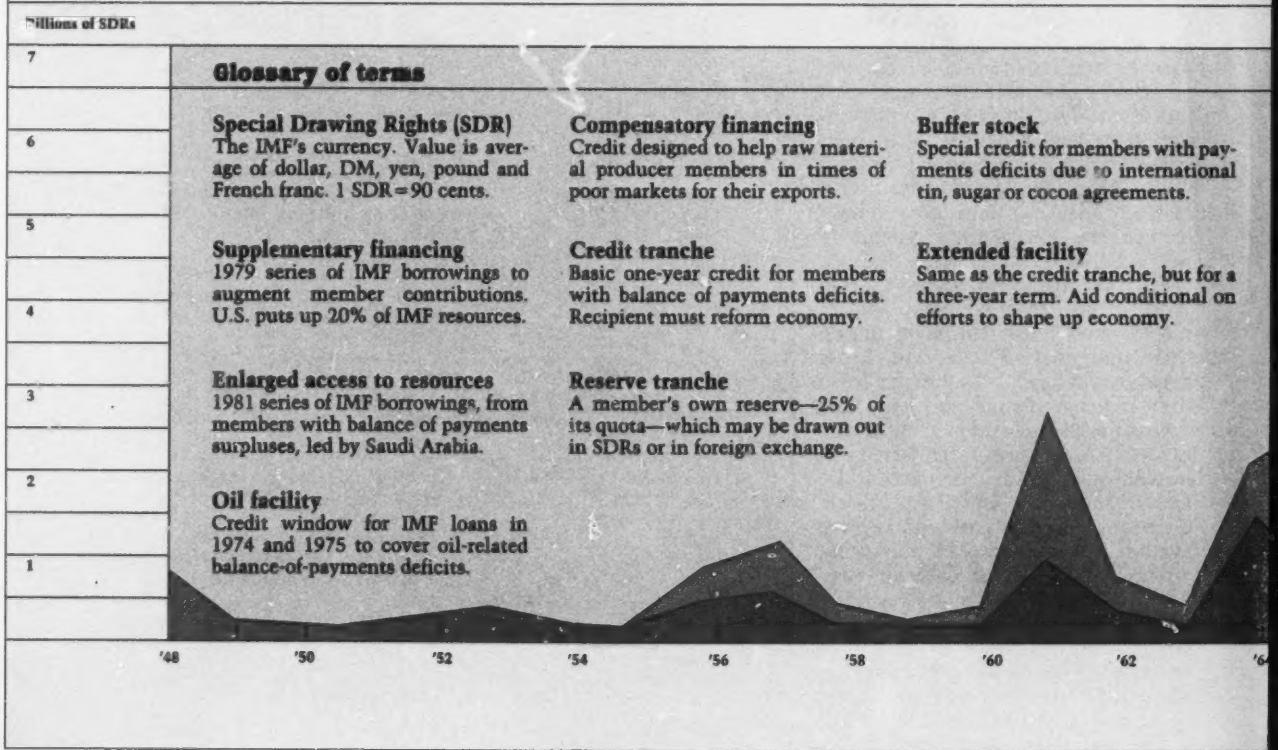
Those who support the take-the-writedown argument claim that a writedown of the face value of the loans on the lenders' books would immediately reduce the debt of the borrowing nation, while also reducing its interest burden. The developing nation's economy could then work at returning to health with its finances in more realistic order. There would be those developing-country governments, undoubtedly, that would see in the apparently reduced debt burden an opportunity for more borrowing. But would any bank be foolish enough to lend to them? The market *is* attentive, as witness the fact that the Philadelphia National Bank, which has never lent to developing countries, can borrow in the money market cheaper than most banks in the U.S.

There is *(see box, p. 59)* a sharp contrast between the U.S. banks' behavior and that of West German banks with large suspect loans to Eastern Europe and Latin America. There are difficulties in making direct comparisons between such different tax and accounting systems as they affect banks, warns Citicorp's Clark. Even so, he acknowledges that the impression is broadly correct.

There is a measure of hypocrisy in the U.S. banks' public stance that none of their Third World loans is going to stay bad. In their credit policies they are behaving far more cautiously. At first, banks took fairly narrow spreads on loans to developing countries (LDCs), particularly where there were other opportunities for business, such as setting up a local offshoot. But now, spreads and fees have been jacked up. Take the recent

The rocky road from Bretton Woods

This graphic history of the International Monetary Fund depicts the promise and problems of the system devised at Bretton Woods, N.H. in 1944. The IMF was created to help nations with anticipated payments deficits to the U.S. But by the mid-1950s, the Fund needed a special credit to cope with the growth in world trade financed by the outflow of



emergency $5 billion loan to Mexico, organized under IMF pressure (and on top of a $3 billion IMF facility). The banks are charging 2¼ points over the London interbank offered rate (the base rate of the Eurodollar market) and massive fees—said in all to exceed $600 million. Even though no actual money changes hands, these fees appear on the good side of the banks' income statements.

"I think it's outrageous," says Champion of these practices. "If collected at all, these fees should be paid over the life of the loan. If the loan is paid, then take your profit." Indeed, that is one of several, mostly cosmetic, changes now being proposed by the Comptroller of the Currency as part of a move to fend off a still small but growing pressure in Congress against bailing out the banks.

The liquidity crisis in the Third World came to a head for the U.S. last summer (FORBES, *Oct. 11, 1982*), when falling oil prices and declining demand meant that Mexico could not meet its repayment schedule. It then became painfully clear that the developing countries, especially those not

Judgment? Or only accounting?

West Germany's Dresdner Bank (assets $7.6 billion) is as deeply involved in Latin American lending as any of the U.S. money center banks. But unlike them, Dresdner is not publicly denying Latin American problems. Its South American subsidiary used all its record 1982 earnings for provisions against its Latin loans. Dresdner increased consolidated operating earnings 52% in 1982, but showed no increase in net, instead setting aside $413 million to cover writeoffs and loan risks.

Deutsche Bank showed a 17% fall in 1982 net, increased its dividend 10%, but put around $1.25 billion into reserves, on top of $500 million in 1981.

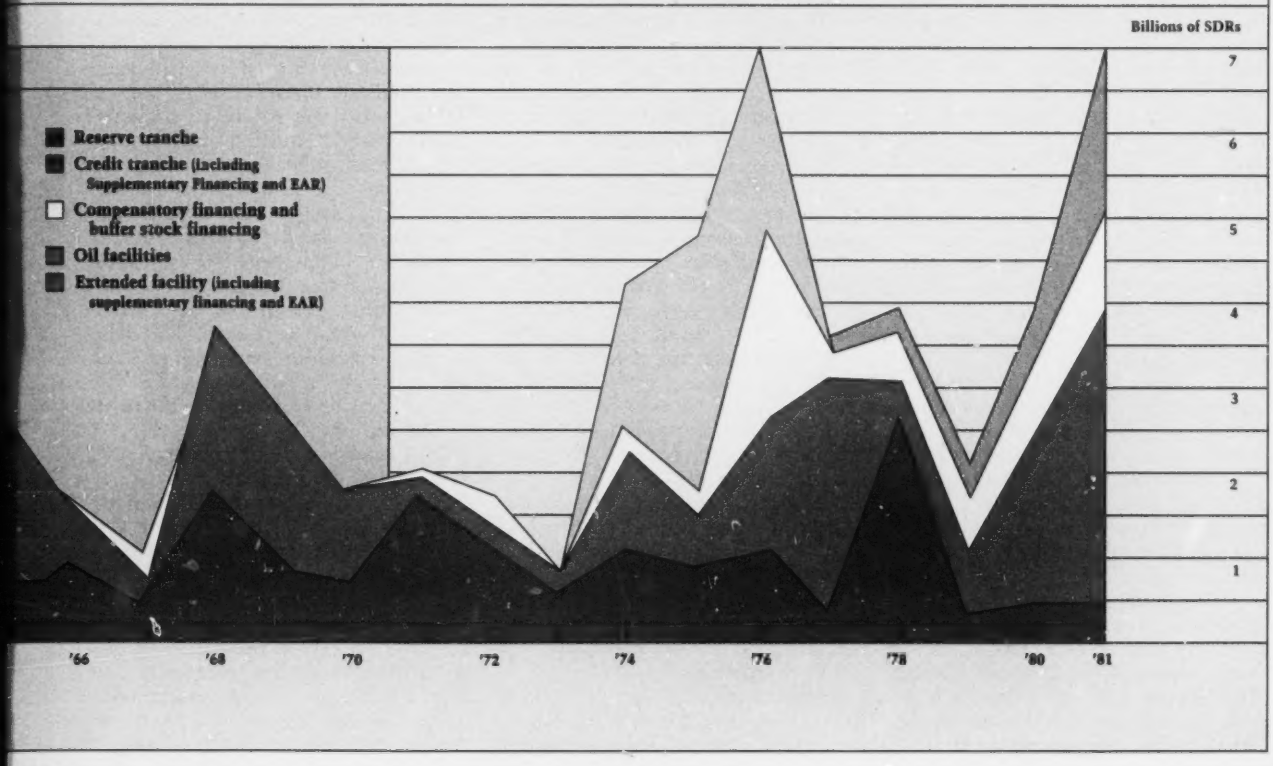
Meanwhile, in the U.S., Citicorp and Chemical Bank increased their dividends in 1982, but neither they nor any of the other money center banks increased the percentage of their bad-debt provisions.

Differences in judgment, but also tax and accounting systems, play a part. U.S. bank supervisors hold that where IMF is involved, loans will not be classified—counted as bad debt when interest payments are 90 days late. German authorities have pushed their banks to make sizable provisions.

It is easier to do in Europe. Accounting standards allow hidden reserves, and there are tax differences. Germany is liberal in allowing banks to deduct loan writedowns. By contrast, the Internal Revenue Service has reduced the tax-allowable reserve of U.S. banks to 0.6% from an already miserly 1%.

The figure should normally be 3% and 5% now, says former Chase Chairman George Champion. "Remember," he observes, that "they lost 1% on their REITs business."—H.B.

dollars from the U.S. That outflow weakened the dollar's stability and, therefore, the world system. In the 1970s, the IMF seemed to grow as it helped nations adjust to oil and currency instability. But it has really shrunk—from 12% of world trade in the 1960s to under 4%. Without new financing, it may wither.



members of OPEC, had built up vast levels of debt to the West, debt that they were quite unable to cope with without help.

The Administration's response was to shift suddenly from skepticism to enthusiasm for the IMF solution, even though it threatens credit distortions by giving the banks an implied guarantee on foreign loans. The motives were commendable, the thinking muddled, because until then the Administration had remained true to its principles and had argued for trusting the free market rather than for an IMF solution.

If the market is trusted, there seems little chance that a default by a country would today produce more than a quick scare for the markets and fat losses for the banks concerned. But the losses have, in reality, already occurred. Some observers, like Representative Jerry Lewis [R–Calif.], a member of the House Appropriations Committee, even suggest that—as a lesson to all—it might be worthwhile foreclosing on some debtor nation that has behaved in an impossible way. The Central African Republic, for example, which spent money from international loans to hold a coronation for its short-lived emperor, as its bloodstained former dictator styled himself.

Fantasize a little. Suppose that a group of young officers in, say, Argentina, raised their hands in "Heil, Peron" salutes, announced a coup and stridently defaulted on that country's billions of international debt. What would happen? A media crisis, a couple of banks or so in bankruptcy, lots of money poured in from central banks. And after this useful if costly lesson? Give it a year or so, and those young officers, older and wiser, would beg to be allowed to rejoin the international fold. And, as happened time and again in the 19th century—a better model for what is now happening than the 1930s—they would repay all those once-defaulted debts.

It was John Maynard Keynes, writing about the 1931 crisis in money values, who saw the flaw in bankers' armor most clearly. Keynes wrote: "Lifelong practices [to maintain appearances and to profess a conventional respectability] make [bankers] the most romantic and the least realistic of men. It is so much their stock in trade that their position not be questioned, that they do not even question it themselves until it is too late." That's why voices like George Champion's are worth listening to when he declares that "management has to be held accountable." ■

The crisis at Baldwin-United concerns more than banks and stockholders. There are also the policyholders.

Is there enough collateral?

By Richard L. Stern

As Baldwin-United Corp. wrestles with the banks for survival, some of the 174,000 holders of its hot-selling, glittering product, its $4 billion worth of single premium deferred annuities now outstanding, are wondering how safe their investment is.

Well they might. They may be perfectly safe. But if things go badly for Baldwin, it turns out no one is exactly sure who has first dibs on a lot of Baldwin's subsidiary paper. Some $850 million of the assets backing the annuities are in that form. Much of the paper is backed, in turn, by the giant mortgages-and-municipal-bonds insurer, MGIC. And MGIC is also pledged to the banks. Baldwin continues to insist all is well, and as of Dec. 31 there was more than $229 million in surplus—"funds over and above the reserves required by law." True, the annuities are also backed by government bonds and notes, CDs and marketable preferreds like Cincinnati Bell. So, on the face of it, 90% to 92% of the annuity holders' money is absolutely secure.

Nonetheless, the whole situation could raise some questions in the minds of annuity holders. They laid out an average up-front payment of $23,000 for something that looked like an annuity but was actually a nifty investment package wrapping high-interest yields [12.5% to 14.5%] in a ten-year tax deferral scheme. Sophisticated, yes. Clever? Okay. But the salesmen assured the buyers the SPDAs were safe.

Approximately $643 million of Baldwin paper held by the annuities is in a subsidiary called Balunit. Balunit, aside from about $43 million in other investments, is mainly the holding company for MGIC. There also is Balunit preferred stock around, amounting to about $42 million, with a claim on the same assets. The problem is this: Only through a sale of MGIC can the banks recoup the $440 million they are owed for financing the MGIC acquisition. So, the banks and the SPDA-holders must look to the same collateral. But can it protect both? Estimates are that MGIC would have to be sold for some $1.126 billion to make everyone whole. "I don't think both the bankers and annuity holders can be paid in full," says Thomas Rosencrants, an analyst at Chicago-based William Blair & Co.

Alas, some fear MGIC might only be sold for $800 million or $900 million. A look at MGIC's recent 10-K gives you some idea why. A careful reader will discover that MGIC has been buying parent company stock, which has fallen from 50 to 12. A warning sign to a wary buyer.

Something not in the 10-K that would enlighten investors. To cover an increased loss ratio because of higher foreclosures, MGIC had to dip into its contingency funds to the tune of $24 million.

One bank representative has said privately the banks are hoping, if MGIC is sold for less than $1 billion, they can get their money before the state insurance commissioners realize what has happened to the SPDA holders, whom the commissioners are supposed to protect. Indeed, sources say, a major reason the banks agreed to a recent 90-day loan extension was that a bankruptcy judge might take more pity on annuitants than on the banks.

Database publishing sounds glamorous, and it is. But it also might be a trap for eager, unwary competitors.

Technology for technology's sake?

By Jeff Blyskal

ON-LINE DATABASE publishing, you keep hearing, is one of the hottest things to come along since Gutenberg. Computer technology and a telephone have combined "to put the world's information at everyone's fingertips," as one eager marketer tells it.

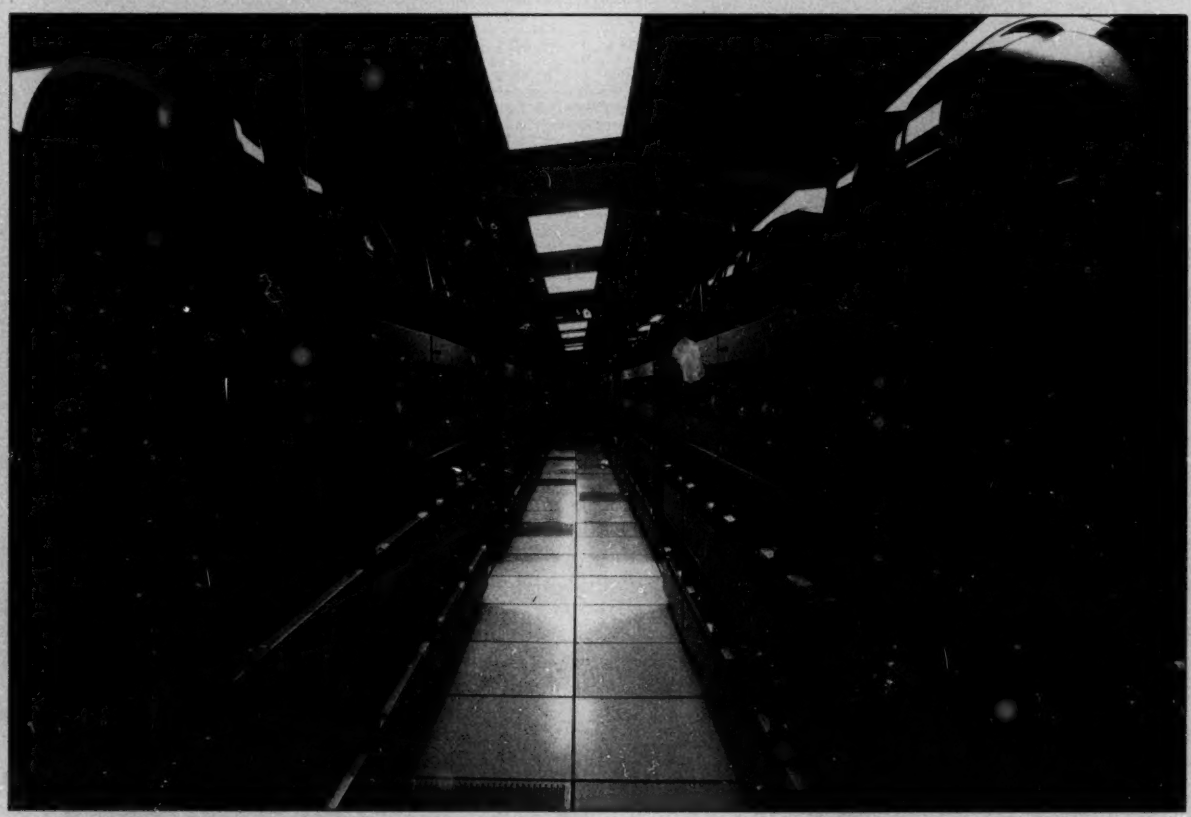
Claims like that sound overstated, but they aren't. What may be overstated, however, is the perceived business potential.

The idea that so much information can be used by so many so easily has created a stampede. On-line database publishing, already a $1.2 billion-a-year industry, is growing nearly 30% annually. That expansion is a big reason companies like Dun & Bradstreet and McGraw-Hill enjoy stock multiples several points above other publishers. It is also why outsiders as diverse as Mead Corp., H&R Block and Lockheed are moving in. "On-line database publishing," says one participant, "is hot—very hot."

Excitement aside, few are making much money in this glamour business. The *New York Times*, for example, recently ended its ten-year experiment running database computers with $10 million in losses. Ziff-Davis has sold its Wharton Econometric Forecasting, which lost $10 million in three years. Meanwhile, broader services such as Lockheed's Dialog, Block's CompuServe and Reader's Digest's Source Telecomputing are hovering near breakeven.

Normal startup costs are part of the problem. But a fundamental misjudgment of the market may be as much to blame. Database publishing is so new, almost everyone is flying blind. "There is a trap here," explains Robert Weissman, who runs Dun & Bradstreet's information services division. "Companies are offering the technology simply because it's exciting."

Executives at the *Times*, for example, thought they could offer 2 million abstracts of newspaper articles and set



Disk storage units at Data Resources Inc.'s facility in Lexington, Mass.
"Computerized information retrieval offsets the crushing weight of the information explosion."

Who's on-line

This table lists the 20 major database vendors. As the numbers indicate, customer counts do not always indicate who is getting the most revenues. And revenues, unfortunately, do not tell who is making money. That's a closely guarded secret everywhere, since database operations get buried in large accounting units.

Parent company	Service	Est 1982 revenues (millions)	Subscribers 1/1/83	Principal information
Quotron Systems	Fincl Information Svcs	$120	50,000	corporate data
McGraw-Hill	Data Resources	100	3,000	business, economic data
Dun & Bradstreet	DunSprint	75	6,000	corporate credit reports
Reuters	Monitor	65	13,000	general news, commodity data
Mead Corp	LEXIS/NEXIS	62	4,000	legal citations, articles, general news
Dow Jones	Dow Jones News/ Retrieval	50	60,000	general news, corp data
Planning Research	Multiple Listing Service	40	9,000	real estate listings
OCLC, Inc	OCLC	40	5,000	bibliographic data
H&R Block	CompuServe Information Service	40	38,000	general news, encyclopedia
Knight-Ridder	Commodity News Service	30	8,000	commodity data
Lockheed	Dialog Information Svcs	30	19,000	article index, financial data
I P Sharp	Sharp APL	20	6,000	corporate data
Reader's Digest/ Control Data	The Source	7	27,000	general news, air schedules, retail catalogs
Thyssen	Bibliographic Retrieval Svcs	7	8,000	academic indexes
Natl Library of Medicine	Medlars	4	3,000	medical, bibliographic data
Equifax	Financial Control Services	NA	28,000	consumer credit data, vehicle accident reports
Allied Corp	Market Decision Sys 7; Telequote; Teletrade	NA	25,000	stock prices
Burroughs Corp	Sys Dev Corp Search Service	NA	8,000	scientific, technical data
General Electric	Mark III	NA	7,000	financial, scientific data
British Telecomm	Prestel World Service	NA	25,000	general news

Source: IDP Report

up an expensive computer system. But competitors like Mead offered more publications. The *Times* venture was like building a 24-hour newsstand for only one publication.

Despite the millions invested in database publishing, basic questions remain unanswered: Is there a demand for the product? What are the real costs? How do you set a logical price? "I'm not sure anyone has a good feel for any of this," admits William Dunn, president and publisher of Dow Jones' Information Services. And Dow Jones knows more about the field than most competitors.

To make sense of the confusion, you must first understand the technology. A database is any collection of information, from airline schedules to credit reports. Sales of such data in print form now top $2.1 billion annually, but optimists see even greater potential in putting this information on-line with a computer.

Doing that isn't complicated. If the information is not already available in electronic form, it gets entered into a computer—often by low-paid keypunch operators in Taiwan or Korea. Most information is eventually stored on 16-inch magnetic-coated aluminum disks, each slightly larger than a long-playing phonograph record and holding the equivalent of 1,000 bestsellers. The disks are stacked 30 high inside a drive unit about half the size of a desk. Up to 300 drive units can be connected to a central processor.

Now comes the excitement. The processor can search for data at breakneck speed. To get citations on *The Grapes of Wrath* from 1 million titles, for example, takes just five seconds. "Man is gradually overcoming the limits to obtaining and using knowledge," explains Roger Summit, Dialog's president. "Computerized information retrieval from databases offsets the crushing weight of the information explosion. Now you don't have to read everything."

You do, however, still have to pay for what you read, and since the days of Hearst and Pulitzer, publishing has been grandly profitable. Will the computer create a new generation of electronic press lords?

The new technology already is letting outsiders get a significant portion of the information dollar. The cost of using an on-line service can range from under $10 for a simple inquiry to over $100 for a complex computer run, but look who gets that money. Database owners—companies like Associated Press or Disclosure Inc. — typically get a 15% royalty each time someone uses their material. The

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bulk of the fee, however, goes to the owners of the computers on which the data are stored.

These companies—vendors, in industry parlance—amount to electronic libraries. At the moment, many tend to specialize by subject area. Chase Econometrics, McGraw-Hill's Data Resources and Wharton, for example, are fighting over the market for economic analysis and projections. The Source and CompuServe are competing for the general information market.

Some companies, such as Dow Jones, Dun & Bradstreet and Data Resources operate computer systems that sell their own data. Vertical integration costs big money, but offers big advantages: quality control and valuable market information.

Telecommunications carriers like GTE's Telenet, Tymshare's Tymnet and United Telecom's Uninet also get a piece of the pie. These firms offer low-cost, long-distance telephone service that links customers with database vendors.

Database publishing is so new, almost everyone is flying blind. "There is a trap here," explains Bob Weissman of Dun & Bradstreet. "Companies are offering the technology simply because it's exciting."

Industrywide, revenue distribution looks like this: Of the roughly $1.2 billion a year spent for on-line data, $180 million goes to database owners, $900 million to vendors and $120 million to telecommunications carriers.

But what about profits? Right now many database publishers see things the way Brent Harries, McGraw-Hill's group president of information companies, does. "Once you've got the database, and your production is already done electronically, it costs next to nothing to make that information available on-line."

Impressive. But some accountants might calculate things differently. Many data owners, whose production is already computerized, see the cost of putting material on-line merely as the $1,000 or so it takes to spin off a magnetic tape. They send the tape to a vendor who "loads" it onto his computers, automatically indexing and organizing the data in the process. It may cost another $30,000 annually to keep proprietary files up to date. But after that, owners generally put their calculators away and take their money to the bank.

Unfortunately, there may be other costs to consider. Suppose you put information on-line that would otherwise be sold in print form, and not just an index of your data. The on-line product could cannibalize print sales. To calculate costs correctly, then, you must apportion part of the original information-gathering expense to the on-line product. "When you do that, gross margins shrink from maybe 90% to a more normal 20%," says Andrew Uszak, senior vice president of R.R. Bowker & Co., the Xerox subsidiary that produces such industry standards as *Books in Print* and *Publishers Weekly*.

The effect of this cannibalization is difficult to see. McGraw-Hill's on-line products "have had no impact on print sales," claims President Joseph Dionne. As for *Books in Print*, Uszak says on-line has not hurt print sales either. "But that's today," he explains. "Will we start losing print sales tomorrow? I don't know."

Some database owners do know. "Every time we put our newsletters on-line," says Ken Bosomworth, president of International Resource Development, a market research and publishing firm, "we've lost our shirts. Print customers disappeared."

Pricing is another problem. Computer search time usually costs $1 per minute—discouraging enough to many. Industry optimists, however, expect competition to push charges down. But what happens when production costs are fully allocated?

There are already signs that database users are eager to pinch pennies. Look at the fight over supplying corporate statistics. Many customers find that Disclosure Inc.'s SEC information, at less than $10 per full document plus connect time, is more attractive than McGraw-Hill's more sophisticated Compustat Service, which has initial subscription fees of between $5,000 and $63,700.

Another threat looms from new competitors. Right now much database information isn't proprietary. The raw statistics are often public information. "If someone wanted to send tons of material to Taiwan and have it keypunched, he could build a database very cheaply," says Dunn.

Database pie-in-the-skyers, of course, see vast profits in serving the home and small business markets. After all, there are already 2.5 million microcomputers in the U.S. and 50% more every year. Companies like The Source, CompuServe, Dialog, even Dow Jones, are each approaching consumers in different ways—and the re-

Dialing for data

Using an on-line database is a relatively simple procedure—if you know exactly what you want and where to find it. Looking up AT&T's five-year sales and earnings history, for example, takes only minutes. The information is on several services, including Lockheed's Dialog, Mead Data Central and The Source. Here's how we got it from Dow Jones:

1. We connect our computer terminal to a telephone and make a local call to a packet switching network, in this case Telenet.

2. Telenet answers and asks what equipment we are using, to provide a clearer signal. We punch in the code "A8," signifying Digital Equipment Corp.'s Decwriter III, a so-called dumb terminal.

3. On flashes the symbol "@," Telenet's way of telling us to name a database vendor. We answer with the "address" for the Dow Jones News/Retrieval service in Princeton, N.J.

4. Telenet tells us we are connected with Dow Jones.

5. We are now communicating with an IBM mainframe computer at Dow Jones that asks which of the company's several services we want. We answer: "DJNS," the product that carries corporate financial data.

6. DJ asks for our paid-subscriber password. Since this also tells the computer whom to bill, the word is blanked out by the computer.

```
1 TELENET
  212 117M
2 TERMINAL=A8
3 @C 609 42

4 609 42 CONNECTED

5 WHAT SERVICE PLEASE????
  DJNS
6 ENTER PASSWORD
  ■■■■■■■■■■■■■■■
      DOW JONES NEWS/RETRIEVAL
        COPYRIGHT (C) 1983
      DOW JONES & COMPANY, INC.
        ALL RIGHTS RESERVED.

  ENTER QUERY
    //DSCLO
  DISCLOSURE II
  COPYRIGHT (C) 1983
  DISCLOSURE INC.
  ---------------------------------
8 TO CONTINUE, ENTER COMPANY STOCK
  SYMBOL AND PRESS RETURN
      T
  COMPANY NAME: AMERICAN TELEPHONE & TELEGRAPH CO

9 ENTER    FOR

    1    CORPORATE PROFILE
    2    BALANCE SHEETS FOR 2 YEARS
    3    INCOME STATEMENTS FOR 3 YEARS
    4    QTRLY INC STATEMENTS (CUR FY)
    5    LINE OF BUSINESS DATA
    6    5-YR SUMMARY DATA (REVS, INCOME,
           EPS)
    7    FULL FINANCIAL DATA (2 THRU 6)
    8    OFFICERS AND DIRECTORS
    9    OWNERSHIP AND SUBSIDIARIES
   10    OTHER CORPORATE EVENTS
   11    MANAGEMENT DISCUSSION
   12    CORPORATE RECORD (1 THRU 10)
   13    FULL CORPORATE RECORD (1 THRU 11)
   14    2-YR LIST OF REPORTS ON FILE
           WITH THE SEC
   99    HOW TO ORDER FULL TEXT OF SEC
           REPORTS
    6
10              FIVE YEAR SUMMARY
                    SALES        NET INCOME     EPS
    1981   59,229,000,000    6,888,000,000    8.55
    1980   51,755,000,000    6,058,000,000    8.17
    1979   46,183,000,000    5,655,000,000    8.01
    1978   41,744,000,000    5,262,000,000    7.73
    1977   37,003,000,000    4,466,000,000    6.84
    DISC
11 LOG ON: 10 13  LOG OFF: 10 15  EASTERN TIME
   MARCH 17, 1983 609 42 DISCONNECTED
```

7. DJ's copyright notice appears, and the vendor asks what database we would like to access. We enter "DSCLO," for a specific bank of computers containing SEC reports compiled by Disclosure Inc.

8. After logging on with Disclosure, DJ asks what company we are interested in. "T," we reply, using stock symbol code, and DJ affirms that we want AT&T. DJ's computer is now ready to "read" the proper section of its database disks. (Like a researcher referring to an index, the computer need not search the entire file.)

9. DJ now asks what part of the file we are interested in. It offers 15 choices. We request number six.

10. Instantly the computer reads that section of the database and prints out the information.

11. We disconnect from the database, vendor, Telenet and local phone lines.

Doing all this took two minutes on-line, probably the minimum time for any database request. Our bill came to roughly $8.55. About $4.20 goes to Dow Jones for computer time. Another $4 goes to Disclosure Inc. for the information. Telenet gets 25 cents, and 10 cents goes to New York Telephone for the local call.

If you have followed this example, you probably now appreciate two things about on-line databases: Using them efficiently isn't easy, and it can be expensive.—**J.B.**

sults aren't always encouraging. "People who say they'll get $100 per household per month are wrong," says Dunn. "Maybe $20 to $30 will be generous."

No one really knows how many customers will think it's worth several dollars to get the latest government statistics zapped in the instant they are released, when anything really important will be on the 6 o'clock news for free. "We asked our users if they would like an electronic encyclopedia," says The Source's Roger Miller. "In each survey they said yes, yes, yes. But when you get down to a simple unchanging file, it's a lot cheaper in print. If we can't improve on the traditional method of delivering the information, people won't pay for it."

So what if mass market database publishing is really a long way off? Isn't the demand of rich corporate customers almost insatiable? Maybe not. There is evidence that these users tighten up on database spending once they overcome an initial fascination. Already Tymnet and Telenet report that while the number of phone calls to databases is increasing by nearly 75% annually, the average length of time callers stay on-line has dropped by 25% over the past year.

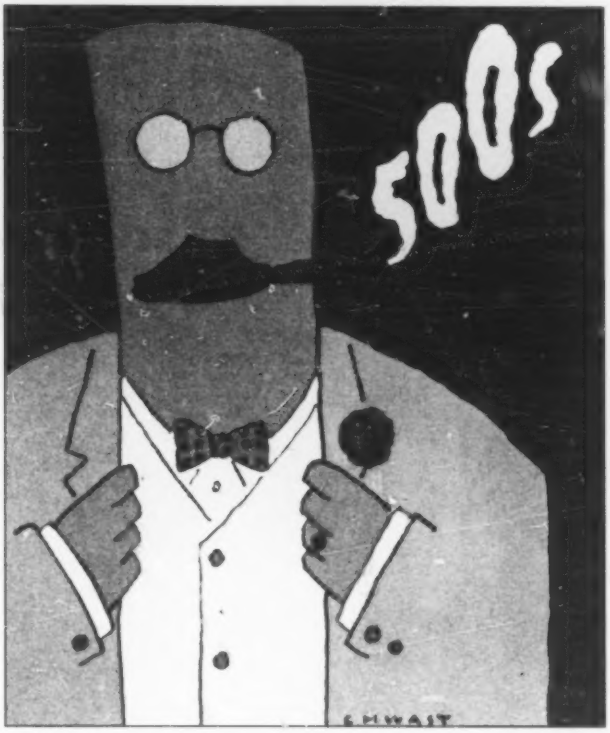
This is not to say no one will ever do well in on-line database publishing. Dow Jones has a customer base of 60,000—the industry's largest. Most of what it sells is historical data, built around an on-line news service and the *Wall Street Journal* index. To avoid hurting sales of the newspaper, each edition goes into the computer at 6 a.m. but only in condensed form. D&B, also a well-positioned competitor, offers its 143-year-old credit analysis service, the sort of information ideally suited to on-line distribution. But remember: Both Dow Jones and D&B were marketing this material profitably back in the days of movable type and mail distribution.

Another strong contender is Mead Data Central's LEXIS service. It provides legal citations on vendor-installed terminals to several thousand customers. LEXIS now competes successfully against privately owned West Publishing Co., which once dominated this specialized market but was slow to see the potential of on-line delivery. Mead Data, which earned an estimated $7 million last year, is a bright star at its otherwise troubled parent.

For everything that glitters in database publishing, however, there may be a passel of potential failures. What is involved is a war among the media, and the most efficient will win. Yes, ever more information will be accessed and delivered by computers. But no, print won't disappear. Gee-whiz technology is not automatically the clear victor over cheaper, more portable print. With all the risks, being first with the newest on-line publishing system may only mean losing the most money. ■

The Forbes 500s

Sales flat, profits down steeply, inventories building up—it was the trough of the wave, the bottom of the barrel. But all the while, the market was signaling the recovery to come.



IN ALL BUT ONE of the four ways in which The Forbes 500s measure U.S. business performance, 1982 was the trough of a mighty breaker, the low point in a decade of stress and some serious declines. But the fourth measure, as it turned out, was the most important of all.

Here are the changes in the 1982 figures for sales, profits, assets and market value:

	1982	1981	1980
Sales	−0.8%	+9.9%	+15.0%
Profits	−9.1	+4.4	+7.7
Assets	+9.2	+10.7	+11.6
Market value	+16.7	−11.5	+31.6

The totals at the end of 1982

Sales:	$2,389,473,000,000
Profits:	$ 112,547,000,000
Assets:	$3,829,297,000,000
Market value:	$1,072,164,000,000

The bright spot, of course, was market value. Buoyed by a bull market, The Forbes Market Value 500 gained $154 billion in 1982 and finished the year above the $1 trillion mark for the first time since 1980, signaling the recovery now under way.

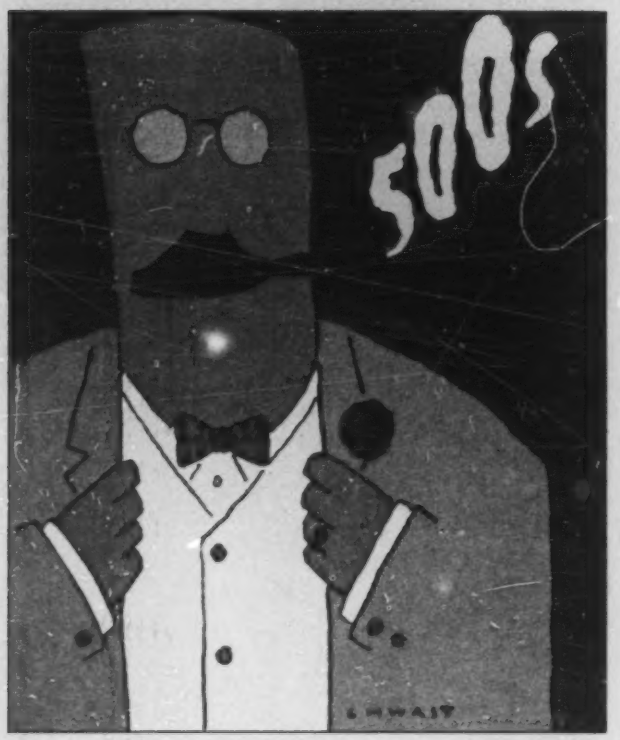
In the tables that follow, FORBES ranks the top 500 companies in each of the four categories. Turn to the alphabetized summaries beginning on page 266 for the overall report card on each company that made any of the four lists.

What did it take to make it? The lowest-ranking company on the Sales 500 had $1.1 billion in revenues. It took $45.7 million to make the profits list, $1.75 billion for assets and $558 million in market value.

Historical footnote: It's the end of an era for the perennial champion of the 500s, American Telephone & Telegraph, first-ranked in assets and profits this year, second in sales and market value. With the Bell breakup, AT&T will no longer dominate number one and two. But Ma Bell and her children will be just as pervasive and even more visible: All seven of the regional telephone companies created by the breakup will show up as new 500s members.

The Forbes Sales 500

Maybe the only thing worse than illusory sales increases—produced by inflation rather than by real growth—is not having the illusion.



THE 500 COMPANIES listed on the following pages accounted for just under $2.4 trillion in sales last year, equal to about 78% of the U.S. gross national product. For the second straight year, every company on the Sales 500 list had at least $1 billion in sales. Quite a few billion-dollar companies didn't even make the list, including such familiar names as Joy Manufacturing, Square D and Timken.

Rank 1982	Rank 1981	Company	Sales ($000,000)	% change over 1981
1	1	Exxon	97,173	–10.1
2	4	American Tel & Tel	65,093	11.8
3	3	General Motors	60,026	–4.3
4	2	Mobil	59,946	–7.1
5	5	Texaco	46,986	–18.5

In fact, $1 billion in sales is less and less the critical measure of megasize; 109 companies on the list, or more than 1 in 5, had more than $5 billion in sales in 1982, 42 had more than $10 billion; and the top 4—Exxon, American Telephone & Telegraph, General Motors and Mobil—had more than $50 billion each. Together, those four giants accounted for over a quarter of a trillion dollars. Now, that's megasize.

Impressive numbers. What happened to these huge companies in 1982, the year inflation was broken on the Federal Reserve rack, was less impressive than it was sobering.

Roughly half the companies on the list showed sales decreases from 1981, and most of the sizable increases came through acquisition. Moreover, the total of all 500 was flat from 1981—down, in fact, by about $20 billion. The reason: Inflation, which (statistically, at any rate) was responsible for all of 1981's 8% increase in the total, fell sharply in 1982. And in contrast to the 305 companies last year whose sales growth matched or bettered the 8.9% CPI rate, only 236 on this year's list kept up with even 1982's 3.9%. Maybe the only thing worse than the illusory effects of inflation is for the illusion to disappear.

Last year every company in the Sales 500's top ten showed a sales increase. This year only four did—AT&T, IBM, Du Pont (whose 45.8% increase largely reflected the mid-1981 acquisition of Conoco) and Sears, Roebuck, the steadily improving old-line retailer, which is gradually moving into financial services. Not one of the top ten's oil company members showed an increase, nor did General Motors and Ford.

Joy, Square D, Timken and others got pushed off the list by 36 new companies. Biggest of them: the new Norfolk Southern Corp., now the country's 189th-largest corporation and its 4th-largest railroad.

The Forbes Sales 500

Rank 1982	Rank 1981	Company	Sales ($000,000)	% change over 1981
6	7	Ford Motor	37,067	-3.1
7	9	IBM	34,364	18.2
8	6	Standard Oil Calif	34,362	-22.3
9	16	E I du Pont	33,223	45.8
10	12	Sears, Roebuck	30,020	10.2
11	10	Gulf Oil	28,427	0.6
12	8	Standard Oil Ind	28,073	-6.3
13	14	Phibro-Salomon	26,703	6.4
14	13	General Electric	26,500	-2.7
15	11	Atlantic Richfield	26,462	-4.8
16	15	Intl Tel & Tel	21,922	-5.5
17	17	Shell Oil	20,062	-7.3
18	26	United States Steel	18,375	31.8
19	25	Occidental Petroleum	18,212	23.8
20	18	Citicorp	17,814	-2.5
21	19	Safeway Stores	17,633	6.3
22	20	K mart	16,772	0.0
23	21	Phillips Petroleum	15,698	-1.7
24	24	Sun Company	15,519	3.4
25	22	Tenneco	14,979	-3.1
26	23	BankAmerica	14,955	-0.9
27	28	Aetna Life & Cas	14,164	4.7
28	27	United Technologies	13,577	-0.7
29	29	Standard Oil Ohio	13,152	-2.3
30	30	Getty Oil	12,762	-6.3
31	35	GTE	12,066	9.4
32	33	Procter & Gamble	11,994	5.1
33	34	Kroger	11,902	5.6
34	36	CIGNA	11,787	8.7
35	32	J C Penney	11,414	-3.8
36	43	Travelers	11,381	16.1
37	45	R J Reynolds Inds	10,906	11.7
38	40	Eastman Kodak	10,815	4.6
39	31	Dow Chemical	10,618	-10.6
40	38	Union Oil California	10,390	-3.3
41	39	Chase Manhattan	10,171	-4.5
42	37	Chrysler	10,045	-7.2
43	41	Dart & Kraft	9,974	-2.3
44	47	Westinghouse Elec	9,745	4.0
45	51	RCA	9,338	3.8
46	56	Philip Morris	9,102	9.6
47	42	Union Carbide	9,062	-10.9
48	44	Boeing	9,035	-7.7
49	52	Beatrice Foods	9,024	2.9
50	48	Ashland Oil	8,865	-4.3
51	50	Goodyear	8,689	-5.1
52	53	Xerox	8,456	-2.7
53	75	General Foods	8,351	26.5
54	46	Amerada Hess	8,343	-11.2
55	65	American Express	8,093	12.2
56	66	Lucky Stores	7,973	10.7
57	63	Household Intl	7,768	6.7
58	68	Federated Dept Stores	7,699	8.9
59	59	Mfrs Hanover	7,640	2.2
60	67	American Stores	7,508	5.8
61	71	PepsiCo	7,499	6.7
62	70	Rockwell Intl	7,395	5.1
63	86	Fedl Natl Mortgage	7,384	26.0
64	83	Fluor	7,336	20.8
65	60	McDonnell Douglas	7,331	-0.7
66	55	Halliburton	7,282	-13.7
67	74	J P Morgan	6,885	1.6
68	82	Pacific Gas & Elec	6,785	9.5
69	81	Winn-Dixie Stores	6,764	9.1
70	90	Southland	6,757	18.7
71	77	Minn Mining & Mfg	6,601	1.4
72	49	Caterpillar Tractor	6,469	-29.3
73	61	Gulf & Western Inds	6,423	-13.0
74	73	Monsanto	6,325	-9.0
75	57	Armco	6,279	-18.8
76	85	Coca-Cola	6,250	6.1
77	78	Allied Corp	6,167	-3.8
78	110	General Dynamics	6,155	21.5
79	76	W R Grace	6,128	-6.0
80	116	Charter	6,065	-3.8
81	93	Consolidated Foods	6,039	7.6
82	80	Continental Illinois	5,900	-6.2
83	87	Nabisco Brands	5,871	0.9
84	79	Union Pacific	5,818	-8.7
85	84	Coastal Corp	5,799	-1.9
86	88	City Investing	5,771	-0.4
87	100	Johnson & Johnson	5,761	6.7
88	113	Dayton-Hudson	5,661	14.5
89	125	Texas Eastern	5,654	24.9
90	106	Lockheed	5,613	8.4
91	109	Jewel Cos	5,572	9.1
92	97	Sperry	5,571	2.7
93	89	Continental Group	5,564	-4.0
94	95	Utd Energy Resources	5,562	2.2
95	91	Chemical New York	5,515	-2.5
96	92	Raytheon	5,513	-2.2
97	101	Honeywell	5,490	2.6
98	98	Georgia-Pacific	5,402	-0.2
99	108	UAL	5,320	3.5
100	118	General Mills	5,312	9.5
101	62	Bethlehem Steel	5,260	-27.9
102	121	Super Valu Stores	5,197	12.4
103	102	TRW	5,132	-2.9
104	64	F W Woolworth	5,124	-29.1
105	103	Trans World	5,108	-3.0
106	127	Columbia Gas System	5,071	14.6
107	117	Consolidated Edison	5,067	4.1
108	150	Merrill Lynch	5,026	24.5
109	99	Signal Cos	5,022	-7.1
110	107	Greyhound	4,994	-2.9
111	114	Litton Industries	4,942	0.0
112	137	Southern Company	4,927	15.8
113	96	CSX	4,909	-9.6
114	104	Colgate-Palmolive	4,888	-7.1
115	105	Ralston Purina	4,803	-8.1
116	58	LTV	4,777	-36.4
117	120	Bankers Trust NY	4,677	0.5
118	112	Alcoa	4,648	-6.6
119	94	Deere	4,608	-15.4
120	72	Great Atl & Pac Tea	4,608	-26.0
121	136	First Interstate Bancp	4,608	6.7
122	146	American Home Prod	4,582	10.9
123	155	Anheuser-Busch Cos	4,577	19.0
124	124	American Brands	4,563	0.5
125	145	Foremost-McKesson	4,493	8.7
126	139	Security Pacific	4,491	6.4
127	130	Loews	4,481	1.6
128	135	First Chicago	4,402	1.8
129	154	El Paso	4,364	11.6
130	187	Pacific Lighting	4,359	29.8
131	140	Texas Instruments	4,327	2.9
132	144	Transamerica	4,326	4.1
133	149	So Calif Edison	4,303	6.1
134	69	Intl Harvester	4,292	-39.0
135	143	Control Data	4,292	4.7
136	167	Hewlett-Packard	4,254	18.9
137	115	Burlington Northern	4,198	-15.0
138	126	Weyerhaeuser	4,186	-7.0
139	142	American Elec Power	4,180	-0.3
140	147	AMR	4,177	1.7
141	122	Dresser Industries	4,166	-9.7
142	163	InterNorth	4,159	13.8
143	161	Commonwlth Edison	4,130	10.5
144	129	Borden	4,111	-6.9
145	193	Burroughs	4,095	23.4
146	133	CPC International	4,091	-5.8
147	119	American Can	4,063	-16.0
148	151	CBS	4,052	0.6
149	134	Teledyne	4,040	-7.0
150	111	International Paper	4,015	-19.4
151	202	Warner Commun	3,990	23.3
152	148	United Brands	3,973	-2.1
153	173	Albertson's	3,940	13.2
154	123	National Steel	3,903	-14.5
155	204	Digital Equipment	3,881	21.3
156	174	Pub Svc Elec & Gas	3,874	11.6
157	170	Transco Energy	3,869	9.8
158	132	Firestone	3,869	-11.3
159	141	IC Industries	3,862	-7.9
160	212	Houston Industries	3,838	24.0
161	186	ENSERCH	3,788	12.6
162	191	Motorola	3,786	13.5
163	156	Kerr-McGee	3,777	-1.3
164	162	Eastern Air Lines	3,769	1.1
165	152	Champion Intl	3,737	-6.7
166	158	Pan Am World Airways	3,716	-2.2
167	165	Archer Daniels Midland	3,713	1.8
168	168	H J Heinz	3,689	3.4
169	180	Fleming Cos	3,688	8.5
170	179	May Dept Stores	3,670	7.5

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Rank 1982	Rank 1981	Company	Sales ($000,000)	% change over 1981
171	169	Delta Air Lines	3,618	2.4
172	171	Bristol-Myers	3,600	3.0
173	261	Baldwin-United	3,598	44.4
174	153	Owens-Illinois	3,591	–9.7
175	157	Combustion Eng	3,570	–6.3
176	196	Time Inc	3,564	8.1
177	207	American Intl Group	3,563	12.9
178	197	Martin Marietta	3,527	7.1
179	176	NCR	3,526	2.7
180	175	Continental Corp	3,506	1.1
181	178	Emerson Electric	3,502	2.1
182	185	FMC	3,499	3.9
183	177	Tosco	3,466	1.0
184	164	American Cyanamid	3,454	–5.4
185	201	Pfizer	3,454	6.3
186	199	Panhandle Eastern	3,391	3.8
187	195	Pillsbury	3,385	2.5
188	188	Carnation	3,382	0.8
189	■	Norfolk Southern	3,359	–6.5
190	259	Wal-Mart Stores	3,348	34.1
191	233	MidCon	3,337	18.8
192	217	Lincoln National	3,337	11.1
193	189	PPG Industries	3,322	–1.0
194	214	Esmark	3,303	7.4
195	194	Wells Fargo	3,290	–0.5
196	240	Melville	3,262	18.1
197	239	Allied Stores	3,249	17.7
198	218	Supermarkets General	3,247	8.3
199	181	Warner-Lambert	3,246	–4.0
200	242	Texas Utilities	3,238	18.2
201	243	Consol Natural Gas	3,211	17.3
202	238	Borg-Warner	3,195	15.7
203	241	Associated Dry Goods	3,189	15.9
204	222	Houston Natural Gas	3,181	9.4
205	183	Diamond Shamrock	3,177	–5.9
206	216	North Amer Philips	3,168	4.6
207	190	Penn Central	3,165	–5.5
208	184	Santa Fe Industries	3,160	–6.2
209	198	Southern Pacific	3,104	–5.2
210	224	Am Natural Resources	3,097	6.9
211	220	Merck	3,063	4.6
212	160	Celanese	3,062	–18.4
213	226	Carter Hawley Hale	3,055	6.4
214	205	B F Goodrich	3,005	–5.6
215	252	Avon Products	3,001	14.8
216	172	Reynolds Metals	2,981	–14.4
217	249	R H Macy	2,979	12.1
218	310	Hospital Corp of Am	2,977	44.3
219	322	SmithKline Beckman	2,969	49.5
220	227	Amer Hospital Supply	2,968	3.4
221	236	Eli Lilly	2,963	6.8
222	209	Norton Simon	2,953	–6.1
223	208	Crown Zellerbach	2,947	–6.4
224	225	Kimberly-Clark	2,946	2.1
225	235	Campbell Soup	2,945	5.3
226	213	Florida Power & Lt	2,941	–4.8
227	192	Textron	2,936	–11.8
228	272	American General	2,913	22.0
229	211	Boise Cascade	2,912	–6.3
230	203	Kaiser Alum & Chem	2,912	–9.7
231	237	Middle South Utils	2,902	4.7
232	250	Crocker National	2,894	9.0
233	254	American Motors	2,878	11.2
234	251	Texas Gas	2,878	8.6
235	200	Burlington Inds	2,876	–11.9
236	257	Alco Standard	2,852	13.1
237	336	Allegheny Intl	2,839	48.8
238	159	Inland Steel	2,808	–25.2
239	221	ARA Services	2,806	–3.8
240	182	Ingersoll-Rand	2,775	–17.9
241	219	Bank of Boston	2,745	–6.9
242	131	Republic Steel	2,738	–37.5
243	244	Consumers Power	2,731	–0.1
244	263	McDonald's	2,715	9.6
245	253	Quaker Oats	2,712	4.3
246	255	SONAT	2,681	4.4
247	223	Mead	2,667	–8.1
248	230	Kidde	2,655	–6.1
249	268	Phila Electric	2,645	8.7
250	270	Amer Broadcasting	2,641	9.1
251	138	Wickes Cos	2,638	–31.2
252	266	Murphy Oil	2,602	6.4
253	275	Abbott Laboratories	2,602	11.1
254	229	Levi Strauss	2,572	–9.8
255	248	Interco	2,567	–4.0
256	232	St Regis Paper	2,556	–9.3
257	320	Marriott	2,541	27.0
258	303	Baker International	2,535	18.5
259	231	Singer	2,523	–11.0
260	285	Swift Independent	2,488	8.1
261	321	Northrop	2,473	24.2
262	245	Hercules	2,469	–9.2
263	280	Avco	2,459	5.7
264	206	Eaton	2,453	–22.5
265	215	Tesoro Petroleum	2,440	–19.6
266	246	Dana	2,423	–10.6
267	291	Pittston	2,421	8.6
268	288	United Telecom	2,419	7.3
269	308	InterFirst	2,416	16.7
270	234	AMAX	2,416	–13.7
271	262	Marine Midland Bks	2,412	–2.9
272	309	General Public Utils	2,406	16.5
273	228	Cooper Industries	2,394	–16.5
274	300	Niagara Mohawk Pwr	2,394	11.3
275	313	Central & South West	2,389	16.2
276	273	Owens-Corning Fbrgls	2,373	–0.1
277	283	Kellogg	2,367	2.0
278	311	Morrison-Knudsen	2,361	14.7
279	299	Va Electric & Power	2,361	9.2
280	289	Mellon National	2,355	4.8
281	274	Revlon	2,351	–0.6
282	298	Stop & Shop Cos	2,342	8.0
283	210	Northwest Industries	2,307	–26.1
284	276	USF&G	2,306	–1.3
285	284	Scott Paper	2,293	–0.7
286	271	Irving Bank	2,277	–4.7
287	267	Whirlpool	2,271	–6.8
288	247	Pennzoil	2,269	–15.4
289	269	McGraw-Edison	2,260	–7.0
290	335	Duke Power	2,244	17.6
291	258	American Petrofina	2,242	–10.5
292	277	Gillette	2,229	–4.1
293	329	Turner Construction	2,236	14.5
294	279	Wilson Foods	2,233	–4.0
295	265	NL Industries	2,214	–10.2
296	301	Amfac	2,209	2.8
297	282	Ogden	2,202	–5.3
298	304	Times Mirror	2,200	3.3
299	344	Zayre	2,195	22.2
300	302	Malone & Hyde	2,193	2.2
301	306	NICOR	2,166	2.4
302	327	St Paul Cos	2,159	9.5
303	264	American Standard	2,125	–14.0
304	314	Detroit Edison	2,123	3.4
305	337	Northwest Bancorp	2,081	9.3
306	354	Jack Eckerd	2,080	18.7
307	330	Ryder System	2,076	6.6
308	286	IU International	2,070	–9.0
309	295	Genl Tire & Rubber	2,062	–5.2
310	312	Superior Oil	2,041	–0.8
311	281	Beneficial Corp	2,040	–12.3
312	357	Walgreen	2,039	17.0
313	362	Tandy	2,033	20.2
314	292	Engelhard	2,019	–7.9
315	383	H F Ahmanson	2,015	28.8
316	334	Grumman	2,003	4.6
317	294	MAPCO	1,993	–8.5
318	297	White Consolidated	1,990	–8.4
319	307	Kemper	1,985	–4.4
320	340	Petrolane	1,978	5.3
321	287	Uniroyal	1,969	–12.9
322	350	First Bank System	1,961	9.6
323	397	Wetterau	1,957	30.2
324	379	Genuine Parts	1,937	22.2
325	355	RepublicBank	1,934	10.6
326	305	Jim Walter	1,925	–4.6
327	278	Valero Energy	1,901	–18.5
328	375	Texas Oil & Gas	1,879	17.0
329	341	Northwest Airlines	1,878	1.3
330	331	SCM	1,855	–4.3
331	296	Fruehauf	1,852	–14.8
332	364	Giant Food	1,852	10.0
333	389	Sherwin-Williams	1,852	20.5
334	353	Ethyl	1,846	5.0
335	338	Upjohn	1,836	–3.6

■ Not on 500 list in 1981.

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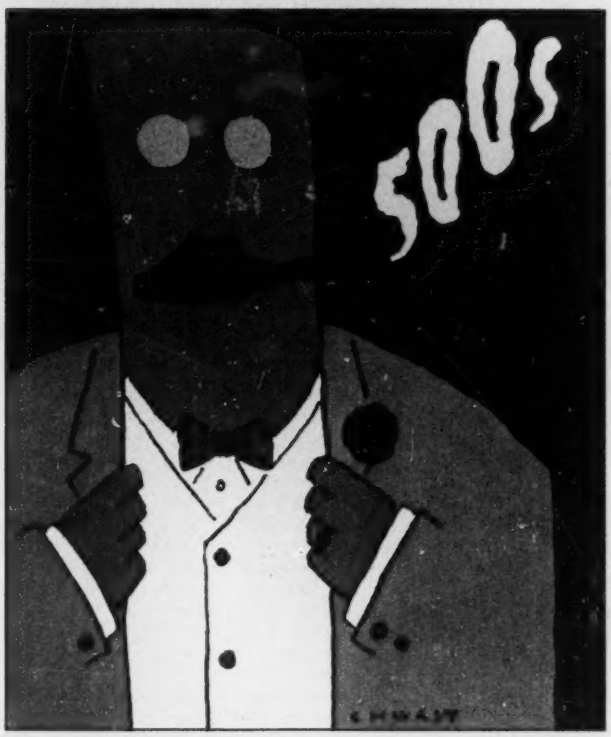
Rank 1982	Rank 1981	Company	Sales ($000,000)	% change over 1981
336	339	Rohm & Haas	1,828	–3.0
337	343	Castle & Cooke	1,823	–1.2
338	319	Olin	1,823	–8.9
339	346	Schering-Plough	1,818	0.5
340	378	Continental Telecom	1,818	14.3
341	316	J P Stevens	1,814	–10.7
342	380	Texas Commerce Bshs	1,798	13.5
343	348	Sterling Drug	1,796	0.2
344	402	Crown Central Petrol	1,772	19.2
345	293	Manville	1,772	–18.9
346	369	Northeast Utilities	1,763	6.5
347	326	Central Soya	1,753	–11.2
348	374	Allegheny Power	1,752	9.0
349	384	No Indiana Pub Svc	1,733	11.3
350	381	First City Bancorp	1,729	9.4
351	385	Harris Corp	1,719	10.8
352	423	Sysco	1,713	23.6
353	356	Emhart	1,710	–2.1
354	453	First Executive	1,707	35.7
355	425	ConAgra	1,705	23.8
356	325	Williams Cos	1,691	–14.4
357	332	Anderson, Clayton	1,681	–12.9
358	366	Whittaker	1,674	0.1
359	396	Baxter Travenol Labs	1,671	11.1
360	394	Squibb	1,661	9.0
361	342	Gould	1,651	–10.9
362	363	Primark	1,639	–2.9
363	500	Raymond Intl	1,638	50.0
364	368	Long Island Lighting	1,634	–1.9
365	393	Chesebrough-Pond's	1,623	6.1
366	361	General Signal	1,622	–4.7
367	359	Stauffer Chemical	1,618	–6.3
368	388	Natomas	1,617	5.2
369	365	Foster Wheeler	1,615	–3.5
370	315	Allis-Chalmers	1,610	–21.2
371	421	Northwest Energy	1,602	14.5
372	407	E F Hutton Group	1,596	10.6
373	352	Hughes Tool	1,596	–9.3
374	416	Baltimore Gas & Elec	1,595	12.3
375	437	Public Service Colo	1,590	19.0
376	318	A E Staley Mfg	1,588	–20.8
377	372	Cabot	1,588	–2.2
378	405	MCA	1,588	19.5
379	328	Cummins Engine	1,587	–19.1
380	317	Koppers	1,585	–21.5
381	■	Best Products	1,582	42.6
382	376	Corning Glass Works	1,579	–1.2
383	382	Air Prods & Chems	1,569	–0.1
384	404	Hershey Foods	1,566	7.9
385	447	No States Power	1,561	21.9
386	323	Intl Minerals & Chem	1,560	–21.4
387	442	Revco D S	1,555	18.6
388	441	Peoples Energy	1,542	17.2
389	390	National Can	1,542	0.5
390	432	Carolina Pwr & Lt	1,538	14.5
391	406	Republic Airlines	1,531	5.7
392	367	Union Camp	1,526	–8.4
393	398	Bank of New York	1,523	1.9
394	430	Gannett	1,520	11.1
395	■	Texas Air	1,516	110.8
396	433	Humana	1,516	12.9
397	290	Colt Industries	1,512	–32.6
398	419	Chubb	1,509	7.1
399	360	National Distillers	1,499	–12.0
400	415	General Re	1,498	5.2
401	427	Waldbaum	1,491	8.4
402	409	Safeco	1,488	3.7
403	392	Lear Siegler	1,488	–2.8
404	422	Farm House Foods	1,464	5.3
405	473	Entex	1,463	23.3
406	439	Dun & Bradstreet	1,462	9.8
407	418	Pitney Bowes	1,455	2.9
408	386	Westvaco	1,450	–6.5
409	371	Tiger International	1,446	–11.0
410	477	San Diego Gas & Elec	1,431	23.4
411	399	Gt Northern Nekoosa	1,430	–4.3
412	448	Ohio Edison	1,430	11.7
413	452	Mercantile Stores	1,428	12.5
414	410	George A Hormel	1,427	–0.5
415	351	Holiday Inns	1,425	–19.3
416	324	Amstar	1,422	–28.2
417	424	NBD Bancorp	1,406	1.9
418	445	Pacific Pwr & Lt	1,406	9.1
419	457	R R Donnelley & Sons	1,404	12.9
420	414	Seafirst	1,398	–1.9
421	435	Brown Group	1,397	4.4
422	420	Hammermill Paper	1,396	–0.3
423	■	First Boston	1,395	64.8
424	476	Gt Western Financial	1,387	18.2
425	429	Crown Cork & Seal	1,352	–1.6
426	391	ASARCO	1,351	–11.8
427	428	Alleghany	1,350	–1.8
428	484	Mattel	1,342	18.3
429	467	Flickinger	1,337	11.7
430	458	Knight-Ridder News	1,328	7.3
431	479	Eastern Gas & Fuel	1,326	14.5
432	401	United States Gypsum	1,325	–11.2
433	464	Gulf States Utils	1,307	7.0
434	■	PNC Financial	1,307	3.8
435	443	Witco Chemical	1,305	1.0
436	480	Wisconsin Elec Pwr	1,303	13.1
437	475	Arkla	1,297	10.0
438	■	Rite Aid	1,295	21.4
439	417	Polaroid	1,294	–8.9
440	412	Blue Bell	1,292	–9.5
441	■	Capital Holding	1,286	28.2
442	426	Armstrong World Inds	1,286	–6.6
443	492	USAir Group	1,273	14.6
444	490	Fischbach	1,271	13.6
445	438	Norton	1,264	–5.3
446	■	Cincinnati G & E	1,261	16.6
447	■	Bally Manufacturing	1,254	44.8
448	■	United States Shoe	1,254	15.3
449	■	Universal Leaf	1,253	20.5
450	488	Johnson Controls	1,252	10.9
451	■	Republic New York	1,249	17.0
452	459	AMP	1,243	0.7
453	450	Zenith Radio	1,239	–2.8
454	403	Evans Products	1,238	–15.9
455	456	Colonial Penn Group	1,236	–1.5
456	■	Pacific Resources	1,235	14.3
457	358	PACCAR	1,230	–29.1
458	485	Penn Power & Light	1,220	7.6
459	496	Union Electric	1,218	10.1
460	474	Parsons	1,214	2.5
461	449	Florida Progress	1,214	–5.1
462	446	New England Electric	1,213	–5.4
463	■	CBI Industries	1,210	31.6
464	483	Consol Freightways	1,204	5.3
465	460	First Natl Supermkts	1,201	–2.4
466	■	Gulf United	1,198	14.9
467	■	Tektronix	1,196	12.6
468	■	Service Merchandise	1,195	16.4
469	493	McGraw-Hill	1,194	7.5
470	455	Louisiana Land	1,182	–5.8
471	■	Natl Medical Entrprs	1,167	30.8
472	411	Black & Decker	1,160	–18.9
473	■	Wang Laboratories	1,159	35.4
474	■	Dorchester Gas	1,159	62.8
475	■	Centel	1,156	13.3
476	■	SCOA Industries	1,155	9.2
477	■	Amer Medical Intl	1,155	26.4
478	395	Dravo	1,152	–23.8
479	497	Federal Co	1,150	4.5
480	495	Parker-Hannifin	1,148	3.8
481	■	Intl Multifoods	1,148	5.5
482	■	Cameron Iron Works	1,147	23.5
483	486	Roadway Services	1,147	1.5
484	499	Pneumo	1,145	4.7
485	■	Mercantile Texas	1,142	37.2
486	■	Super Food Services	1,129	8.8
487	373	Crane	1,126	–30.1
488	■	Thrifty Corp	1,126	6.8
489	■	Longs Drug Stores	1,123	11.7
490	■	Oneok	1,119	3.1
491	463	Pioneer	1,119	–8.7
492	■	Nash Finch	1,118	4.4
493	■	Richardson-Vicks	1,116	2.5
494	■	Becton, Dickinson	1,114	4.5
495	440	Avnet	1,112	–15.5
496	465	West Point-Pepperell	1,111	–9.1
497	■	Cleveland Elec Illum	1,109	9.4
498	■	Illinois Power	1,107	14.8
499	494	Natl Semiconductor	1,104	–0.5
500	■	Paine Webber	1,100	7.1

■ Not on 500 list in 1981.

The Forbes Profits 500

If sales flattened out, profits went through the wringer. Two out of five companies had down earnings last year, and the biggest sometimes fared the worst.



WHAT GOES UP must come down. While IBM was rolling up a 33% increase in profits last year, oil companies large and small were discovering, along with OPEC, that the palmy days were over for a while.

Take a look at the top ten companies on the list beginning on this page. Seven are oil companies, and only Atlantic Richfield among them escaped a down year in 1982. As the price of oil drifted down in the world oil glut, Exxon's earnings fell 24.8%; Mobil's, 43.3%; Standard of California's, 42.2%; Texaco's, 44.6%.

The oil companies were not alone in going through the profits wringer. The 500 biggest profit generators in U.S. industry accounted for a grand total of $112.5 billion last year—a decrease of 9%, $11 billion less than the $123.8 billion of 1981. More specifically, two out of five companies on the list showed earnings decreases last year. A score of others, while they showed a nominal increase, failed to keep up with last year's moderate 3.9% inflation, as measured by the CPI.

Cash flow was another matter. Total cash flow of the 500 companies increased from $246.6 billion in 1981 to $248.5 billion in 1982. That's a scant improvement, less than $2 billion to spread around, but it was the second straight year in which cash flow increases exceeded earnings growth, reversing the trend of earlier years.

Rank 1982	Rank 1981	Company	Net profits ($000,000)	% change over 1981	Cash flow ($000,000)	Cash flow rank 1982
1	1	American Tel & Tel	6,992.0	1.5	20,846	1
2	3	IBM	4,409.0	33.3	9,698	3
3	2	Exxon	4,185.9	–24.8	10,156	2
4	7	Standard Oil Ohio	1,879.0	–3.5	2,973	12
5	8	Standard Oil Ind	1,826.0	–5.0	3,915	5
6	11	General Electric	1,817.0	10.0	2,934	13
7	10	Atlantic Richfield	1,676.1	0.3	3,844	6
8	9	Shell Oil	1,605.0	–5.7	3,490	8
9	4	Mobil	1,380.0	–43.3	3,547	7
10	5	Standard Oil Calif	1,377.0	–42.2	2,730	14
11	6	Texaco	1,281.0	–44.6	2,691	15
12	12	Eastman Kodak	1,162.0	–6.2	1,945	23
13	75	General Motors	962.7	186.8	5,589	4
14	13	Gulf Oil	900.0	–26.9	2,979	11
15	14	E I du Pont	894.0	–17.3	3,387	9
16	22	R J Reynolds Inds	870.0	13.3	1,535	28
17	24	GTE	835.6	15.7	2,643	16
18	32	Sears, Roebuck	829.7	40.1	2,114	19
19	20	Tenneco	819.0	0.8	2,241	18
20	34	Pacific Gas & Elec	810.2	43.5	1,241	31

The Forbes Profits 500

Rank 1982	Rank 1981	Company	Net profits ($000,000)	% change over 1981	Cash flow ($000,000)	Cash flow rank 1982
21	21	Union Oil California	804.0	1.6	1,987	21
22	25	Philip Morris	781.8	15.6	1,181	32
23	28	Procter & Gamble	777.0	16.3	1,127	34
24	36	Citicorp	723.0	36.2	1,386	29
25	19	Getty Oil	688.7	–19.3	2,020	20
26	29	Intl Tel & Tel	685.1	5.1	2,432	17
27	18	Phillips Petroleum	646.0	–26.5	1,919	24
28	27	Minn Mining & Mfg	631.0	–6.3	1,003	39
29	47	Commonwlth Edison	606.7	34.9	877	44
30	38	American Express	581.0	12.2	1,912	25
31	39	American Home Prod	560.1	12.6	674	61
32	41	So Calif Edison	555.8	13.4	638	69
33	16	Sun Company	537.0	–50.1	1,954	22
34	44	Johnson & Johnson	523.4	11.9	768	53
35	40	Aetna Life & Cas	521.9	6.3	1,150	33
36	42	Coca-Cola	512.2	6.3	790	50
37	26	Halliburton	496.8	–26.3	973	40
38	48	Consolidated Edison	492.6	9.9	820	46
39	17	CIGNA	490.1	–49.1	1,718	26
40	76	Southern Company	449.3	37.8	1,273	30
41	52	Westinghouse Elec	449.3	2.6	747	54
42	61	SmithKline Beckman	445.2	20.3	568	86
43	67	Texas Utilities	428.6	19.3	680	60
44	45	United Technologies	426.9	–6.7	790	49
45	31	Xerox	423.7	–29.2	1,538	27
46	72	Digital Equipment	417.2	21.5	571	85
47	57	Merck	415.1	4.2	623	71
48	71	American Intl Group	412.7	19.5	742	55
49	60	Eli Lilly	411.8	10.0	531	96
50	■	Norfolk Southern	411.4	–17.8	779	52
51	69	J P Morgan	394.2	13.4	542	92
52	58	J C Penney	391.7	1.3	664	63
53	49	BankAmerica	389.6	–12.5	1,127	35
54	81	Hewlett-Packard	383.0	22.8	640	67
55	59	American Brands	381.1	–1.3	446	126
56	84	Beatrice Foods	358.3	17.8	602	76
57	70	Dart & Kraft	350.3	0.8	685	59
58	73	Duke Power	349.9	4.1	657	64
59	83	Bristol-Myers	348.7	14.0	430	132
60	99	Pub Svc Elec & Gas	342.8	29.8	839	45
61	35	Dow Chemical	342.0	–39.4	1,067	38
62	63	CSX	338.4	–8.0	596	77
63	90	Phibro-Salomon	337.0	16.5	439	129
64	93	Phila Electric	336.2	21.1	522	106
65	62	American Elec Power	335.0	–9.0	804	47
66	129	Pfizer	332.8	50.4	462	118
67	86	Rockwell Intl	331.6	13.6	530	99
68	50	Monsanto	329.0	–26.1	880	43
69	55	Union Pacific	326.8	–20.5	788	51
70	64	W R Grace	319.5	–11.6	603	75
71	77	Raytheon	318.8	–1.6	512	109
72	82	Litton Industries	315.0	1.1	577	82
73	96	Nabisco Brands	314.7	18.2	446	125
74	92	Middle South Utils	310.6	10.3	141	367
75	66	Travelers	309.9	–13.8	3,059	10
76	30	Union Carbide	309.7	–52.3	714	58
77	110	Long Island Lighting	309.4	24.9	232	249
78	478	Metromedia	309.2	417.9	354	170
79	154	Merrill Lynch	308.8	52.2	428	134
80	54	Chase Manhattan	307.5	–25.4	520	107

Rank 1982	Rank 1981	Company	Net profits ($000,000)	% change over 1981	Cash flow ($000,000)	Cash flow rank 1982
81	97	McDonald's	300.6	13.5	528	101
82	94	Emerson Electric	300.1	9.8	402	144
83	107	Mfrs Hanover	294.9	17.0	529	100
84	43	Boeing	292.0	–38.3	736	56
85	51	Teledyne	289.6	–34.5	357	169
86	111	Abbott Laboratories	289.1	16.9	410	140
87	136	Anheuser-Busch Cos	287.3	32.1	531	97
88	95	Burlington Northern	283.8	4.3	367	162
89	109	Consumers Power	280.5	13.2	395	148
90	122	Penn Power & Light	278.9	20.4	146	358
91	117	Va Electric & Power	278.6	17.2	613	72
92	68	Allied Corp	272.0	–21.8	535	95
93	103	Honeywell	271.3	5.9	579	81
94	131	Niagara Mohawk Pwr	268.5	21.7	377	157
95	127	Florida Power & Lt	266.7	19.0	653	65
96	116	Houston Natural Gas	262.7	10.1	439	130
97	133	K mart	261.8	18.9	577	83
98	446	SEDCO	260.0	291.6	360	167
99	151	Central & South West	259.2	26.8	474	114
100	125	Warner Commun	257.8	13.8	352	171
101	120	Detroit Edison	254.7	8.7	463	117
102	126	Baker International	248.6	10.5	420	136
103	112	Goodyear	247.6	1.5	527	102
104	163	Texas Oil & Gas	247.1	28.7	551	88
105	149	Chemical New York	240.6	17.3	425	135
106	146	NCR	234.4	12.6	530	98
107	147	Security Pacific	234.3	13.5	522	105
108	205	Public Service Ind	233.2	53.8	291	205
109	102	Federated Dept Stores	232.8	–10.0	457	120
110	135	CPC International	231.6	6.1	304	195
111	156	Arizona Public Serv	231.0	17.0	308	192
112	216	Amer Hospital Supply	229.5	56.5	285	208
113	148	Kellogg	227.8	10.9	311	190
114	152	Carolina Pwr & Lt	227.1	11.6	369	161
115	159	General Mills	225.5	14.7	357	163
116	74	PepsiCo	224.3	–32.7	610	73
117	183	Tandy	224.1	32.1	261	225
118	65	Superior Oil	223.4	–38.2	942	41
119	165	Bankers Trust NY	223.1	18.7	375	159
120	■	RCA	222.6	312.2	881	42
121	80	Sperry	221.8	–29.1	323	182
122	118	First Interstate Bancp	221.2	–6.3	448	123
123	98	Loews	221.0	–16.4	628	70
124	101	Panhandle Eastern	219.9	–16.0	513	108
125	171	McDonnell Douglas	214.7	21.5	382	153
126	143	Kerr-McGee	209.8	–0.7	583	80
127	200	Cleveland Elec Illum	209.0	34.2	292	203
128	■	Lockheed	207.3	D–P	304	196
129	215	InterFirst	206.8	41.0	322	185
130	178	Dayton-Hudson	206.7	19.2	343	175
131	170	General Re	206.6	16.4	322	184
132	199	Union Electric	205.5	30.8	181	314
133	177	SONAT	204.6	17.8	464	116
134	196	St Paul Cos	204.2	28.1	396	147
135	184	American General	202.7	20.0	1,099	37
136	100	United Telecom	201.6	–23.0	639	68
137	104	General Foods	200.2	–21.6	537	93
138	150	Kimberly-Clark	197.4	–3.6	294	202
139	189	Pacific Pwr & Lt	197.3	17.8	441	128
140	145	Colgate-Palmolive	196.9	–5.5	262	224

■ Not on 500 list in 1981. D–P: deficit to profit.

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Rank 1982	Rank 1981	Company	Net profits ($000,000)	% change over 1981	Cash flow ($000,000)	Cash flow rank 1982
141	134	Avon Products	196.6	–10.6	304	197
142	124	TRW	196.3	–14.2	268	220
143	166	Ohio Edison	195.6	6.9	322	183
144	190	H J Heinz	192.8	15.1	253	230
145	445	Brunswick	192.3	188.1	265	222
146	181	Carnation	190.6	10.6	237	244
147	79	NL Industries	188.8	–40.3	452	121
148	128	Pennzoil	188.7	–14.9	548	89
149	207	Baxter Travenol Labs	186.9	24.1	278	214
150	53	Northwest Industries	184.6	–56.0	377	158
151	160	Columbia Gas System	184.5	–5.6	488	111
152	168	Schering-Plough	183.5	2.3	244	239
153	360	Ashland Oil	180.9	100.9	409	141
154	130	Transamerica	180.8	–18.1	651	66
155	179	Gannett	180.5	4.6	270	219
156	115	Continental Group	180.4	–24.8	451	122
157	114	Santa Fe Industries	180.2	–25.6	523	104
158	138	Utd Energy Resources	178.6	–17.2	399	146
159	362	MCA	176.2	96.2	316	189
160	■	Warner-Lambert	175.0	1,797.3	244	238
161	210	Baltimore Gas & Elec	174.8	16.8	360	168
162	78	Dresser Industries	172.3	–45.6	352	172
163	285	Hospital Corp of Am	171.9	54.7	388	150
164	227	Texas Commerce Bshs	170.0	23.6	254	229
165	174	Motorola	169.5	–3.2	430	133
166	140	Amerada Hess	168.7	–20.7	667	62
167	87	Gulf & Western Inds	168.6	–42.1	69	488
168	182	Borg-Warner	167.4	–2.7	278	215
169	206	Gulf States Utils	166.0	10.0	246	235
170	195	Borden	165.9	3.7	266	221
171	132	Texas Eastern	161.3	–26.9	509	110
172	226	Am Natural Resources	161.1	16.7	432	131
173	37	International Paper	160.8	–69.4	351	173
174	239	Allegheny Power	160.7	21.3	319	187
175	218	Amer Broadcasting	160.0	9.4	245	237
176	203	Consol Natural Gas	159.8	5.3	382	154
177	278	Safeway Stores	159.7	39.4	406	142
178	213	Combustion Eng	158.1	7.3	283	210
179	193	Murphy Oil	157.8	–3.2	547	90
180	246	No States Power	157.7	23.6	413	138
181	158	ENSERCH	157.4	–20.1	401	145
182	289	San Diego Gas & Elec	157.3	42.8	196	285
183	223	Consolidated Foods	156.7	11.7	334	178
184	247	Illinois Power	156.4	22.7	186	303
185	23	Occidental Petroleum	155.6	–78.5	723	57
186	142	PPG Industries	155.1	–26.6	383	152
187	173	Archer Dnls Midland	155.0	–11.9	282	211
188	284	Squibb	153.6	38.0	183	313
189	191	Control Data	153.3	–8.0	542	91
190	212	Time Inc	153.1	2.9	300	199
191	198	Fluor	152.8	–4.1	377	156
192	290	Cameron Iron Works	152.6	38.7	207	273
193	225	FMC	152.4	9.2	320	186
194	343	Northeast Utilities	151.2	59.0	362	166
195	221	Continental Telecom	150.5	4.6	482	113
196	281	Portland Genl Elec	150.2	33.7	233	248
197	242	Campbell Soup	149.6	15.3	302	198
198	260	Diamond Shamrock	149.5	23.3	447	124
199	105	Hughes Tool	147.6	–42.2	298	200
200	302	N Y State Elec & Gas	145.1	34.6	185	304
201	300	Texas Instruments	144.0	32.7	483	112
202	263	RepublicBank	143.8	19.8	225	256
203	245	Kroger	143.8	12.3	291	204
204	231	Melville	142.1	4.4	227	255
205	259	Dun & Bradstreet	142.1	17.0	179	320
206	249	May Dept Stores	141.7	12.2	249	232
207	308	G D Searle	140.4	33.8	183	308
208	119	Weyerhaeuser	140.0	–40.3	573	84
209	208	Times Mirror	139.9	–7.0	256	228
210	251	Whirlpool	139.0	10.7	233	247
211	255	Wells Fargo	138.6	11.8	276	216
212	202	Intl Minerals & Chem	137.4	–10.7	279	212
213	224	Transco Energy	137.0	–2.3	525	103
214	267	First Chicago	136.8	15.2	296	201
215	■	Morton Thiokol	136.5	157.6	284	209
216	266	Pillsbury	136.3	14.0	249	233
217	265	R H Macy	135.6	13.3	196	284
218	91	Cooper Industries	135.1	–52.5	208	271
219	253	Gillette	135.1	8.7	240	243
220	113	InterNorth	135.1	–44.5	459	119
221	272	Mellon National	134.4	16.3	209	268
222	279	Utah Power & Light	133.4	17.7	227	254
223	254	General Dynamics	132.8	7.0	385	151
224	299	MidCon	132.6	22.0	377	155
225	157	American Cyanamid	132.1	–33.0	308	193
226	241	Sterling Drug	132.0	1.3	176	323
227	306	Wisconsin Elec Pwr	131.6	24.8	260	226
228	186	Penn Central	131.5	–22.1	341	176
229	316	Cincinnati G & E	130.5	27.4	183	309
230	276	Mesa Petroleum	129.9	12.9	192	293
231	257	Pacific Lighting	128.9	4.6	204	277
232	351	Humana	127.1	36.5	227	253
233	264	Farmers Group	126.6	6.4	212	264
234	180	Levi Strauss	126.6	–26.5	178	322
235	137	Houston Industries	126.2	–41.7	605	74
236	167	Upjohn	126.0	–30.7	192	295
237	222	Household Intl	125.4	–11.8	443	127
238	277	Chesebrough-Pond's	125.3	9.1	168	334
239	268	Bank of Boston	124.4	4.9	188	300
240	384	Wal-Mart Stores	124.1	49.9	164	338
241	185	Union Camp	124.0	–26.6	271	218
242	209	Stauffer Chemical	123.5	–17.6	327	180
243	238	Lincoln National	121.3	–8.6	1,116	36
244	■	Tosco	120.9	435.5	146	356
245	261	Marsh & McLennan	120.4	0.3	131	388
246	244	First City Bancorp	120.3	–6.8	195	289
247	188	Southern Pacific	120.1	–28.4	365	164
248	282	Rowan Cos	119.4	6.8	199	282
249	292	Potomac Elec Power	119.0	8.5	227	252
250	233	AMP	118.9	–11.8	196	286
251	322	Public Service Colo	116.5	15.6	243	240
252	301	Public Service N M	115.8	7.3	125	398
253	337	First Bank System	114.7	18.5	206	275
254	187	USF&G	114.1	–32.3	800	48
255	240	Texas Gas	113.5	–13.4	253	231
256	139	Signal Cos	113.2	–47.1	287	206
257	192	CBS	112.5	–47.3	214	262
258	348	Dayton Power & Light	112.2	19.4	152	349
259	175	Revlon	111.1	–36.4	196	287
260	332	McGraw-Hill	110.0	12.1	138	370

■ Not on 500 list in 1981.

The Forbes Profits 500

Rank 1982	Rank 1981	Company	Net profits ($000,000)	% change over 1981	Cash flow ($000,000)	Cash flow rank 1982
261	358	New England Electric	108.3	19.1	202	281
262	309	Centel	108.2	3.5	285	207
263	347	Southland	108.1	14.7	235	246
264	270	General Signal	107.8	–8.0	153	348
265	349	Esmark	107.6	14.7	206	276
266	291	Safeco	107.6	–2.1	192	294
267	296	Duquesne Light	107.3	–1.5	159	346
268	412	Wang Laboratories	107.1	37.2	189	299
269	328	Capital Holding	106.9	7.6	588	78
270	379	Waste Management	106.5	26.8	198	283
271	232	Greyhound	106.2	–21.4	246	236
272	250	Air Prods & Chems	105.7	–16.2	311	191
273	381	Toledo Edison	105.5	26.9	129	393
274	153	Continental Corp	105.2	–48.3	208	272
275	404	Oklahoma Gas & Elec	105.1	32.9	203	279
276	■	PNC Financial	104.5	9.0	144	364
277	329	Petrolane	104.3	5.1	190	297
278	298	Belco Petroleum	104.0	–4.4	181	315
279	342	Winn-Dixie Stores	103.5	8.5	215	261
280	■	Chrysler	103.2	D–P	563	87
281	323	Knight-Ridder News	102.9	2.6	162	341
282	464	Mercantile Texas	102.0	62.0	150	351
283	414	Genuine Parts	100.2	29.2	115	416
284	258	Walt Disney	100.1	–17.6	217	259
285	338	Puget Sound Pwr & Lt	99.2	2.6	114	419
286	307	Quaker Oats	96.9	–7.9	169	333
287	394	Capital Cities Commun	96.3	19.6	138	373
288	383	So Carolina E & G	96.1	16.0	148	353
289	370	Arkla	95.4	8.9	195	288
290	388	Zapata	95.3	16.6	206	274
291	364	Gulf United	94.8	6.5	247	234
292	373	Marriott	94.3	9.5	231	250
293	395	Hershey Foods	94.2	17.2	139	369
294	359	Ethyl	93.5	2.9	171	331
295	■	First Boston	93.0	101.0	100	442
296	340	Gould	92.8	–3.0	163	340
297	382	Fort Howard Paper	92.4	11.3	137	374
298	341	Lucky Stores	92.2	–3.4	194	292
299	295	So New England Tel	91.7	–15.8	278	213
300	155	Martin Marietta	91.6	–54.2	188	301
301	415	Public Service N H	91.6	18.7	43	498
301	■	VF	91.6	75.5	107	428
303	211	Burroughs	91.2	–38.8	471	115
304	405	R R Donnelley & Sons	91.2	15.4	181	316
305	389	Bally Manufacturing	91.0	11.4	173	330
306	367	Allied Stores	90.7	2.6	176	324
307	455	American Stores	90.4	40.0	184	306
308	361	General Instrument	90.0	32.2	146	360
309	339	Dover	89.8	–6.6	128	394
310	325	Northwest Bancorp	89.1	–11.0	209	269
311	377	CBI Industries	88.2	4.8	160	343
312	317	Jewel Cos	88.1	–13.3	162	342
313	432	Dow Jones	88.1	23.4	120	406
314	288	Cabot	88.0	–20.1	160	344
315	390	Marine Midland Bks	87.0	7.0	175	325
316	230	Hercules	86.9	–36.4	183	310
317	297	Big Three Industries	86.8	–20.3	184	307
318	444	Brown-Forman Dist	86.8	29.0	100	441
319	256	NICOR	86.8	–29.6	306	194
320	324	Combined Internatl	86.6	–13.6	258	227
321	■	MCI Communications	86.5	361.3	185	305
322	326	Jefferson-Pilot	86.1	–13.9	136	381
323	269	Interco	85.8	–27.7	137	375
324	352	Rohm & Haas	85.6	–8.0	203	280
325	401	Global Marine	84.9	6.4	204	278
326	448	Kansas Gas & Elec	84.7	28.3	55	496
327	273	City Investing	84.6	–26.7	403	143
328	204	Textron	84.4	–44.4	136	379
329	330	Kidde	84.2	–15.1	141	368
330	369	Joy Manufacturing	83.7	–4.6	125	401
331	280	Hilton Hotels	83.4	–26.0	131	389
332	437	Pitney Bowes	83.1	19.5	179	318
333	425	Ryder System	82.6	11.6	327	181
334	465	Allied Bancshares	82.3	30.9	131	390
335	481	Western Union	82.3	39.4	229	251
336	236	Smith International	82.3	–38.2	147	354
337	315	Florida Progress	82.1	–20.0	241	241
338	451	NBD Bancorp	81.7	25.3	125	400
338	334	Valero Energy	81.7	–16.1	138	372
340	408	E F Hutton Group	81.1	2.9	174	327
341	335	Irving Bank	81.0	–16.5	129	391
342	403	Kansas City Pwr & Lt	80.9	2.3	86	460
343	275	Mitchell Energy & Dev	80.3	–30.3	237	245
344	420	Emhart	80.2	6.2	122	405
345	■	Idaho Power	80.1	66.7	165	337
346	398	Tektronix	79.5	–0.9	145	362
347	229	National Distillers	79.1	–42.2	135	383
348	312	Norton Simon	79.1	–23.7	216	260
349	■	Amer Medical Intl	78.8	55.1	166	336
350	331	USLIFE	78.7	–20.1	210	265
351	346	Gt Northern Nekoosa	78.5	–17.4	180	317
352	435	Associated Dry Goods	78.4	12.4	163	339
353	479	Federal Express	78.4	32.1	156	347
354	106	Continental Illinois	77.9	–69.4	585	79
355	368	Masco	77.6	–12.1	120	409
356	355	GEICO	77.5	–15.4	76	481
357	419	Becton, Dickinson	76.7	1.1	138	371
358	363	Tucson Electric Pwr	76.4	–14.9	210	267
359	406	Parker Drilling	76.3	–3.4	173	328
360	462	Southwestern Pub Svc	76.3	19.6	109	424
361	219	Louisiana Land	76.3	–47.5	390	149
362	430	Roadway Services	76.2	6.0	119	410
363	■	NCNB	76.1	38.4	127	395
364	228	Holiday Inns	76.0	–44.7	339	177
365	422	Helmerich & Payne	75.7	0.6	126	396
366	311	Harris Corp	75.6	–27.3	183	312
367	436	Torchmark	75.4	8.2	317	188
368	■	Natl Medical Entrprs	75.2	45.2	136	378
369	400	Kemper	75.0	–6.3	411	139
370	333	Corning Glass Works	74.5	–23.5	114	420
371	235	Scott Paper	74.5	–44.2	370	160
372	313	Chubb	74.2	–28.3	179	319
373	336	MAPCO	73.8	–23.8	218	258
374	482	Delmarva Power & Lt	73.6	25.3	135	382
375	310	North Amer Philips	73.6	–29.3	146	359
376	439	Foremost-McKesson	73.5	6.2	117	413
377	350	Reading & Bates	73.3	–21.6	186	302
378	485	Bank of New York	73.2	25.9	146	357
379	418	Lear Siegler	72.3	–5.0	103	436
380	314	Square D	71.7	–30.3	111	423

■ Not on 500 list in 1981. D–P: deficit to profit.

The Forbes Profits 500

Rank 1982	Rank 1981	Company	Net profits ($000,000)	% change over 1981	Cash flow ($000,000)	Cash flow rank 1982
381	463	Pioneer Hi-Bred Intl	71.6	12.8	90	456
382	466	Crocker National	71.6	13.8	134	384
383	■	Tidewater	71.5	35.4	144	363
384	495	El Paso Electric	70.9	25.0	71	484
385	409	Jack Eckerd	70.7	–10.0	108	426
386	469	Montana Power	70.6	13.8	88	459
387	442	Republic New York	70.5	3.9	107	432
388	441	Avnet	70.5	3.6	194	290
389	396	Noble Affiliates	70.3	–12.5	183	311
390	449	Rochester Gas & Elec	70.0	6.5	101	440
391	487	Mercantile Stores	69.9	20.8	99	444
392	433	American Natl Ins	69.5	–2.7	213	263
393	345	Sundstrand	69.3	–27.1	123	402
394	176	Ralston Purina	69.1	–60.5	274	217
395	399	No Indiana Pub Svc	69.0	–13.9	175	326
396	454	Super Valu Stores	68.0	5.1	112	422
397	407	Provident Life & Acc	67.2	–14.8	263	223
398	380	Richardson-Vicks	66.9	–19.6	95	447
399	■	Southwest Bancshares	66.6	52.9	82	466
400	472	Central Ill Pub Svc	66.3	7.3	123	404
401	477	Eastern Gas & Fuel	66.1	10.0	125	399
402	197	Freeport-McMoran	65.9	–58.6	343	174
403	■	United Illuminating	65.8	32.7	62	493
404	■	Coastal Corp	65.6	D–P	241	242
405	499	Cox Communications	65.4	17.9	159	345
406	371	Celeron	65.0	–25.0	118	411
407	■	Deluxe Check Printers	64.9	21.5	105	434
408	431	Engelhard	64.8	–9.5	102	437
409	461	Kaneb Services	64.2	0.5	145	361
410	■	Toys "R" Us	64.2	31.2	78	477
411	■	Kansas Power & Light	64.1	17.6	107	429
412	385	Storage Technology	63.3	–23.2	190	296
413	447	Intl Flavors & Frag	63.2	–4.5	78	480
414	321	Westvaco	63.1	–37.4	173	329
415	■	Browning-Ferris Inds	62.7	29.3	133	386
416	411	Perkin-Elmer	62.7	–19.8	91	454
417	305	A E Staley Mfg	62.6	–40.8	136	380
418	486	AmeriTrust	62.0	6.8	109	425
419	489	Alco Standard	61.6	6.5	86	461
420	287	Pioneer	61.5	–44.2	194	294
421	■	Apple Computer	61.3	55.5	86	462
422	365	Overseas Shipholding	60.6	–31.5	107	430
423	429	Avco	60.5	–16.2	364	165
424	427	Boston Edison	60.4	–17.5	170	332
425	■	United States Shoe	60.1	2.3	79	475
426	■	Brown Group	59.6	8.1	82	465
427	■	Washington Water Pwr	59.4	28.3	69	487
428	■	USAir Group	59.1	15.7	147	355
429	438	Whittaker	58.7	–15.4	81	470
430	■	Indianapolis Pwr & Lt	58.5	26.9	99	443
431	452	Ogden	58.5	–10.2	150	352
432	■	Albertson's	58.4	20.4	113	421
433	391	Nalco Chemical	58.1	–28.4	95	446
434	457	Alleghany	57.9	–11.4	535	94
435	■	Auto Data Processing	57.8	22.0	114	418
436	460	Parker-Hannifin	57.7	–10.0	92	452
437	■	Banc One	57.5	49.1	94	451
438	459	Foster Wheeler	57.2	–11.1	62	494
439	413	Ohio Casualty	57.0	–26.7	84	463
440	■	Barnett Banks Fla	56.8	37.9	95	445
441	■	Philadelphia Natl	56.7	58.8	84	464
442	318	Western Co No Amer	56.7	–44.1	131	387
443	493	Wyman-Gordon	56.4	–1.5	79	474
444	■	Oneok	56.1	20.1	134	385
445	■	Walgreen	56.1	33.1	95	450
446	■	Anderson, Clayton	55.4	7.8	74	485
447	■	U S Tobacco	55.3	28.7	70	486
448	■	Rite Aid	55.0	38.0	80	473
449	248	Consol Freightways	54.8	–56.9	116	414
450	410	Vulcan Materials	54.7	–30.2	126	397
451	■	Iowa-Illinois G & E	54.5	15.5	102	439
452	■	Kentucky Utilities	54.5	39.7	116	415
453	424	American Petrofina	54.4	–26.6	142	366
454	■	New York Times	54.3	8.6	123	403
455	■	Johnson Controls	53.8	11.9	107	427
456	■	Stone & Webster	53.8	37.7	64	491
457	■	Wachovia	53.4	3.1	78	479
458	353	Olin	53.3	–42.6	210	266
459	214	El Paso	53.2	–63.9	333	179
460	■	First Security	53.1	30.3	91	453
461	108	Deere	52.9	–78.9	166	335
462	■	Southeast Banking	52.6	6.8	95	449
463	274	Burlington Inds	52.5	–54.5	209	270
463	■	Trust Co of Georgia	52.5	16.7	81	469
465	■	Washington Post	52.4	60.2	81	467
466	162	Ingersoll-Rand	52.3	–73.0	129	392
467	456	U S Bancorp	52.1	–19.3	120	407
468	194	Georgia-Pacific	52.0	–67.5	413	137
469	271	Dana	51.6	–55.4	136	377
470	378	McGraw-Edison	51.5	–38.8	137	376
471	443	Pogo Producing	51.3	–24.3	178	321
472	■	National Svc Inds	50.6	1.1	74	482
473	■	Valley National	50.5	–7.2	115	417
474	397	Tesoro Petroleum	50.1	–37.5	120	408
475	497	W W Grainger	50.1	–10.9	78	478
476	■	Citizens & Sthrn Ga	50.0	14.9	90	455
477	■	Revco D S	49.6	10.0	71	485
478	■	NIKE	49.0	88.9	55	497
479	■	Carter Hawley Hale	49.0	9.5	142	365
480	■	State Street Boston	48.9	86.4	68	489
481	■	A H Robins	48.7	10.1	62	492
482	392	Newmont Mining	48.6	–40.1	89	457
483	■	Minnesota Power	48.4	16.5	106	433
484	■	Mountain Fuel Supply	48.4	60.6	118	412
485	494	Ex-Cell-O	48.2	–15.2	79	476
486	■	General Cinema	48.0	8.5	88	458
487	■	TECO Energy	48.0	0.8	151	350
488	■	Mission Insurance	47.8	4.7	16	499
489	■	Entex	47.7	11.2	222	257
490	234	IC Industries	47.6	–64.6	190	298
491	354	Lubrizol	47.6	–48.3	102	438
492	■	Medtronic	47.4	13.3	67	490
493	■	Wisconsin Pwr & Lt	47.4	16.3	107	431
494	393	Allegheny Intl	47.3	–41.7	80	472
495	402	Baldwin-United	47.0	–40.7	NA	–
496	■	Electronic Data Systems	47.0	24.2	58	495
497	■	Rollins	46.0	3.6	95	448
498	■	Peoples Energy	46.0	–4.7	105	435
499	■	Brooklyn Union Gas	45.9	23.0	81	468
500	■	G Heileman Brewing	45.7	13.5	80	471

■ Not on 500 list in 1981. D–P: deficit to profit. NA: not available.

The Forbes Assets 500

Assets of the top 500 were up nearly a third of a trillion dollars last year. The only problem: The increased assets did not generate growth in sales and earnings.

WHILE TOTALS for the Forbes Sales 500 were essentially flat from 1981 to 1982 and profits were down sharply, assets of the 500 big companies on the following table increased by $321 billion. That's a characteristic of a recession—asset increases that don't generate more sales or bigger profits.

Rank 1982	Rank 1981	Company	Assets ($000,000)	% change over 1981
1	1	American Tel & Tel	148,186	7.6
2	3	Citicorp	129,997	9.0
3	2	BankAmerica	122,221	0.9
4	4	Chase Manhattan	80,863	3.9
5	6	Fedl Natl Mortgage	73,467	18.3

At the end of the year, total assets stood at $3,829,297,000,000, an increase of 9.2%. Much of that represented real assets growth, moreover, since it was substantially above last year's 3.9% inflation rate.

Banks and financial services companies customarily dominate the assets list, and 1982 was no exception. In fact, with the rise of the new financial supermarkets through merger and acquisition, and the troubles of the auto industry and other old-line smokestack companies, that trend was even more marked. Only two nonfinancial companies, Exxon and AT&T, are among the top ten. Elsewhere on the list, financial services companies often were moving up while industrial companies were slipping a notch or two.

For example, Phibro acquired Wall Street's Salomon Brothers and vaulted from 126th to 15th. PNC Financial, formed by the merger of two big banks, took over 66th place on the list. By contrast, Mobil moved from 14th to 18th and Standard of California slipped a few notches, as did General Electric. Ford went from 28th to 32nd on a $1 billion assets decrease. U.S. Steel gained, but through nonsteel acquisition. The new Norfolk Southern Corp. took over 120th place, but through merger.

How productive were these assets? Put simply, a dollar of assets produced 56 cents in sales and 2 cents in profits, compared with 61 cents in sales and 3 cents in profits the previous year.

Altogether, 23 new companies made the Assets 500 list this year, including Charter, Combined International, Northwest Energy, Avon Products, Suburban Bancorp, Walt Disney Productions, Ethyl, Marriott, Puget Sound Power & Light, American Broadcasting Cos., Mitchell Energy & Development, City National, Southland, Farmers Group, Corning Glass Works, Baxter Travenol Laboratories, Kansas City Power & Light, First New Mexico Bankshare Corp. and fast-growing Humana.

Among the companies they knocked off were some famous names: General Tire & Rubber, National Distillers, Gillette, McGraw-Edison. History in the making.

The Forbes Assets 500

Rank 1982	Rank 1981	Company	Assets ($000,000)	% change over 1981
6	7	Mfrs Hanover	64,041	8.3
7	5	Exxon	62,289	–1.0
8	8	J P Morgan	58,597	9.5
9	10	Chemical New York	48,275	7.5
10	11	Aetna Life & Cas	44,211	11.6
11	9	Continental Illinois	42,899	–8.7
12	12	General Motors	41,363	6.3
13	13	First Interstate Bancp	40,884	10.6
14	16	Bankers Trust NY	40,427	18.2
15	126	Phibro-Salomon	39,669	51.7
16	18	Security Pacific	36,991	12.1
17	15	Sears, Roebuck	36,643	6.2
18	14	Mobil	36,439	4.8
19	17	First Chicago	35,876	6.9
20	19	IBM	32,541	10.0
21	21	CIGNA	31,395	9.6
22	20	Intl Tel & Tel	29,172	0.7
23	23	American Express	28,311	12.8
24	24	Travelers	27,989	16.7
25	22	Texaco	27,114	–1.4
26	30	Crocker National	24,939	10.9
27	27	Wells Fargo	24,814	6.9
28	25	E I du Pont	24,343	2.2
29	29	Standard Oil Ind	24,289	6.0
30	26	Standard Oil Calif	23,465	–0.8
31	31	GTE	22,294	5.6
32	28	Ford Motor	21,956	–4.6
33	35	Atlantic Richfield	21,633	9.6
34	32	General Electric	21,615	3.2
35	34	Shell Oil	21,376	6.3
36	40	InterFirst	21,030	21.4
37	39	Merrill Lynch	20,697	17.1
38	33	Gulf Oil	20,436	0.0
39	37	Mellon National	20,294	10.0
40	36	Marine Midland Bks	20,239	8.3
41	38	Irving Bank	19,514	7.1
42	50	United States Steel	19,432	45.9
43	41	Bank of Boston	18,267	8.7
44	47	Texas Commerce Bshs	18,217	25.5
45	44	Northwest Bancorp	17,585	16.1
46	42	Tenneco	17,378	3.4
47	65	First Boston	17,324	68.0
48	48	RepublicBank	17,218	19.2
49	46	First Bank System	16,899	13.3
50	45	H F Ahmanson	16,864	12.1
51	49	First City Bancorp	16,567	15.9
52	43	Standard Oil Ohio	16,016	1.7
53	82	Occidental Petroleum	15,772	95.3
54	56	Commonwlth Edison	13,729	11.9
55	55	Pacific Gas & Elec	13,635	10.3
56	81	American General	13,276	64.4
57	51	RCA	12,932	–2.1
58	60	Bank of New York	12,724	11.0
59	63	Gt Western Financial	12,675	19.1
60	57	NBD Bancorp	12,407	2.2
61	54	Southern Company	12,301	–0.9
62	59	American Elec Power	12,224	5.7
63	61	Phillips Petroleum	12,097	7.4
64	58	Sun Company	12,019	1.7
65	53	Dow Chemical	11,807	–5.5
66	■	PNC Financial	11,611	13.5
67	87	NCNB	11,560	49.6
68	69	Getty Oil	11,404	3.9
69	52	Gulf & Western Inds	10,902	–13.9
70	64	Union Carbide	10,616	1.8
71	70	Eastman Kodak	10,614	12.5
72	73	Transamerica	10,423	15.3
73	67	Loews	10,402	4.9
74	78	Middle South Utils	10,365	24.6
75	80	R J Reynolds Inds	10,355	27.9
76	104	Mercantile Texas	10,190	48.3
77	74	So Calif Edison	10,158	16.4
78	62	Seafirst	10,028	–6.7
79	97	Union Pacific	9,999	40.9
80	72	Lincoln National	9,953	10.0
81	71	Philip Morris	9,692	4.8
82	66	National Steel	9,578	–5.3
83	68	First Charter Finl	9,388	–3.7
84	88	Republic New York	9,280	20.4
85	85	American Intl Group	9,120	14.6
86	83	Continental Corp	8,619	6.8
87	90	Union Oil California	8,511	12.1
88	79	Westinghouse Elec	8,427	1.3
89	163	Baldwin-United	8,399	69.4
90	77	Household Intl	8,235	–1.9
91	84	CSX	8,109	0.5
92	94	Texas Utilities	8,021	9.8
93	91	United Technologies	7,993	5.8
94	93	J C Penney	7,939	27.7
95	96	Pub Svc Elec & Gas	7,907	8.7
96	86	Consolidated Edison	7,872	1.8
97	89	Xerox	7,668	–0.1
98	107	Detroit Edison	7,636	15.6
99	103	Consumers Power	7,594	10.5
100	100	Boeing	7,593	9.2
101	76	City Investing	7,555	–11.4
102	99	Procter & Gamble	7,510	7.9
103	119	Comerica	7,378	19.9
104	132	E F Hutton Group	7,365	30.6
105	98	Va Electric & Power	7,359	4.3
106	106	K mart	7,344	10.1
107	109	Southeast Banking	7,274	12.7
108	136	Golden West Finl	7,269	31.2
109	95	Caterpillar Tractor	7,201	–1.2
110	120	Valley National	7,183	17.1
111	111	Phila Electric	7,158	13.5
112	92	Harris Bankcorp	7,137	–4.7
113	108	Duke Power	7,058	8.1
114	139	Barnett Banks Fla	6,932	25.9
115	151	Southwest Bancshares	6,927	31.9
116	114	Wachovia	6,916	10.4
117	102	Control Data	6,912	0.3
118	121	Florida Power & Lt	6,851	11.9
119	143	National City	6,823	26.6
120	■	Norfolk Southern	6,803	3.1
121	116	Walter E Heller Intl	6,647	6.2
122	219	Fin Corp of America	6,612	76.0
123	118	Michigan National	6,504	4.4
124	112	Philadelphia Natl	6,301	0.1
125	146	Allied Corp	6,272	17.4
126	113	Chrysler	6,264	–0.1
127	115	American Brands	6,256	–0.1
128	117	Northern Trust	6,253	0.2
129	75	Beneficial Corp	6,212	–27.6
130	105	Armco	6,208	–7.1
131	218	Kemper	6,174	62.9
132	148	First Union	6,168	16.4
133	110	Amerada Hess	6,145	–2.8
134	122	Monsanto	6,077	0.1
135	123	Avco	6,038	–0.4
136	183	Allied Bancshares	6,011	35.3
137	164	Citizens & Sthrn Ga	6,005	22.2
138	131	Alcoa	5,990	5.9
139	128	Deere	5,936	4.4
140	127	Weyerhaeuser	5,924	3.6
141	125	Rainier Bancorp	5,865	0.8
142	138	BancOhio	5,822	5.6
143	129	Burlington Northern	5,797	2.2
144	130	U S Bancorp	5,756	1.8
145	137	AmeriTrust	5,753	4.0
146	133	Continental Group	5,727	2.1
147	156	Mercantile Bancorp	5,691	10.8
148	153	Houston Industries	5,672	8.4
149	134	Halliburton	5,582	0.0
150	135	International Paper	5,566	0.4
151	157	Teledyne	5,562	8.7
152	162	Penn Power & Light	5,531	10.4
153	142	Minn Mining & Mfg	5,514	1.7
154	140	Southern Pacific	5,512	0.2
155	150	First Pennsylvania	5,433	3.3
156	207	Shawmut	5,376	35.0
157	179	Long Island Lighting	5,350	18.7
158	152	Sperry	5,343	1.9
159	165	Donaldson, Lufkin	5,325	9.4
160	177	St Paul Cos	5,318	15.6
161	■	Charter	5,310	56.8
162	154	Manufacturers Natl	5,284	1.1
163	155	Imperial Corp of Am	5,271	2.0
164	181	Ohio Edison	5,247	17.8
165	270	Huntington Bancshs	5,245	64.2
166	144	Goodyear	5,194	–3.0
167	159	General Public Utils	5,181	2.5
168	176	Columbia Gas System	5,155	11.7
169	158	Georgia-Pacific	5,150	1.8
170	173	Central & South West	5,135	10.6

■ Not on 500 list in 1981.

The Forbes Assets 500

Rank 1982	Rank 1981	Company	Assets ($000,000)	% change over 1981
171	160	Dart & Kraft	5,134	1.6
172	147	Centerre Bancorp	5,122	–4.0
173	141	AMAX	5,090	–6.6
174	169	USF&G	5,079	7.0
175	234	CBT	5,070	41.8
176	182	Bank of New England	5,065	14.0
177	199	Panhandle Eastern	5,061	24.1
178	180	Maryland National	5,055	12.3
179	231	Banc One	5,029	38.2
180	223	Sun Banks of Florida	5,004	34.9
181	178	Superior Oil	4,993	10.5
182	171	Carolina Pwr & Lt	4,951	5.0
183	235	Coca-Cola	4,923	38.1
184	161	W R Grace	4,916	–2.1
185	166	Rockwell Intl	4,870	1.3
186	195	First Natl State Bcp	4,868	18.6
187	210	United Virginia Bshs	4,848	23.5
188	168	Gibraltar Financial	4,847	1.6
189	170	First Wisconsin	4,836	2.3
190	174	United Telecom	4,754	2.9
191	189	Beatrice Foods	4,744	12.0
192	192	General Re	4,741	13.7
193	191	Niagara Mohawk Pwr	4,736	13.4
194	172	Santa Fe Industries	4,732	1.2
195	204	Texas American Bshs	4,717	16.7
196	185	Fluor	4,701	6.2
197	203	Union Electric	4,631	14.4
198	186	McDonnell Douglas	4,622	5.9
199	149	Bethlehem Steel	4,611	–12.7
200	193	First Security	4,609	10.8
201	208	UAL	4,579	15.2
202	197	Federated Dept Stores	4,574	11.7
203	198	Texas Eastern	4,542	10.9
204	190	Fleet Financial	4,536	7.4
205	257	City Federal S & L	4,528	35.3
206	242	Trust Co of Georgia	4,511	30.4
207	240	First Atlanta	4,480	28.6
208	188	Honeywell	4,471	3.2
209	206	Pacific Pwr & Lt	4,412	9.8
210	233	Alleghany	4,403	22.0
211	200	Midlantic Banks	4,339	6.4
212	269	Paine Webber	4,295	34.0
213	196	Ashland Oil	4,210	2.8
214	214	Johnson & Johnson	4,210	10.2
215	202	PepsiCo	4,197	3.5
216	222	El Paso	4,180	12.6
217	201	California First Bnk	4,156	2.3
218	317	Hartford National	4,128	46.1
219	184	Burroughs	4,123	–7.1
220	228	Fidelcor	4,120	12.4
221	245	Nationwide	4,087	18.6
222	236	Capital Holding	4,064	14.2
223	215	Greyhound	4,057	6.4
224	209	Northeast Utilities	4,029	2.0
225	243	Digital Equipment	4,024	16.4
226	187	LTV	4,023	–7.2
227	217	Am Natural Resources	3,980	4.5
228	216	InterNorth	3,954	3.8
229	220	IC Industries	3,952	5.6
230	254	State Street Boston	3,915	15.6
231	205	Society	3,911	–3.0
232	312	Anheuser-Busch Cos	3,903	35.7
233	221	AMR	3,897	4.2
234	237	Lincoln First Banks	3,892	9.8
235	224	Safeway Stores	3,891	5.4
236	250	Arizona Public Serv	3,889	14.5
237	268	Virginia Natl Bshs	3,874	20.5
238	252	Transco Energy	3,866	13.9
239	238	Continental Telecom	3,865	9.1
240	276	General Foods	3,861	23.4
241	249	Cleveland Elec Illum	3,843	12.8
242	211	BanCal Tri-State	3,839	–2.2
243	225	Litton Industries	3,837	4.0
244	230	First of America Bnk	3,820	4.8
245	264	Public Service Ind	3,813	16.1
246	258	Gulf States Utils	3,806	13.8
247	248	Kerr-McGee	3,763	10.2
248	229	Pfizer	3,749	2.8
249	239	Gibraltar Savings	3,748	6.5
250	227	Riggs National	3,716	1.3
251	241	BayBanks	3,710	7.2
252	145	Intl Harvester	3,699	–30.8
253	247	Nabisco Brands	3,692	7.7
254	353	Norstar Bancorp	3,653	42.6
255	261	Merck	3,648	10.2
256	213	Kaiser Alum & Chem	3,644	–5.0
257	226	Signal Cos	3,609	–1.9
258	298	Hospital Corp of Am	3,601	21.7
259	251	Trans World	3,536	4.1
260	263	United Banks of Colo	3,522	6.9
261	266	Baltimore Gas & Elec	3,513	7.6
262	256	Raytheon	3,510	4.4
263	346	Florida Natl Banks	3,498	33.7
264	246	Champion Intl	3,472	0.8
265	323	Hewlett-Packard	3,470	25.8
266	472	First Executive	3,451	84.0
267	300	No Indiana Pub Svc	3,450	17.2
268	304	First Maryland Bncp	3,447	18.1
269	272	Allegheny Power	3,421	7.2
270	282	Fidelity Union Bncp	3,409	11.4
271	283	American Security	3,407	11.8
272	274	First Tennessee Natl	3,392	7.8
273	255	NCR	3,373	–0.4
274	316	Bank of Virginia	3,353	18.6
275	262	Reynolds Metals	3,345	1.4
276	295	Commerce Bancshrs	3,343	12.8
277	287	First Oklahoma Bncp	3,326	10.0
278	305	IntraWest Financial	3,314	13.5
279	265	Dresser Industries	3,311	1.1
280	278	Washington National	3,290	5.4
281	314	Consol Natural Gas	3,272	14.8
282	299	PPG Industries	3,270	10.7
283	309	McDonald's	3,263	12.5
284	331	Pacific Lighting	3,257	20.4
285	303	AmSouth Bancorp	3,255	11.2
286	284	Gulf United	3,248	6.7
287	319	United Jersey Banks	3,232	14.9
288	291	Pennzoil	3,226	7.6
289	273	Coastal Corp	3,226	1.3
290	302	Eastern Air Lines	3,225	9.9
291	327	Dominion Bankshares	3,225	18.0
292	294	American Natl Ins	3,222	8.6
293	279	USLIFE	3,221	4.6
294	292	Equimark	3,215	7.4
295	306	Chubb	3,203	10.0
296	313	No States Power	3,197	11.8
297	289	Diamond Shamrock	3,194	5.9
298	338	Warner Commun	3,186	19.2
299	308	Eli Lilly	3,155	8.7
300	318	SONAT	3,139	11.6
301	438	Third National	3,135	53.0
302	286	Jefferson-Pilot	3,130	3.4
303	277	TRW	3,125	–0.1
304	345	First Alabama Bshs	3,124	19.2
305	253	Penn Central	3,099	–8.7
306	351	Flagship Banks	3,095	20.2
307	329	Illinois Power	3,093	13.6
308	334	ENSERCH	3,079	14.5
309	370	Financial Federation	3,066	24.9
310	350	Entex	3,052	18.3
311	301	American Fletcher	3,038	3.2
312	336	Torchmark	3,037	13.2
313	259	Republic Steel	3,033	–9.3
314	367	Cullen/Frost Bankers	3,013	22.1
315	281	American Cyanamid	2,997	–2.2
316	280	Owens-Illinois	2,996	–2.5
317	330	Safeco	2,992	10.6
318	322	Murphy Oil	2,990	7.7
319	355	Dayton-Hudson	2,984	16.8
320	321	Bancorp Hawaii	2,971	6.6
321	341	Utd Energy Resources	2,926	11.0
322	352	Florida Progress	2,915	13.7
323	297	Warner-Lambert	2,906	–1.9
324	324	Time Inc	2,896	5.1
325	339	Duquesne Light	2,883	8.1
326	343	Marshall & Ilsley	2,872	9.3
327	293	Celanese	2,862	–4.3
328	468	SmithKline Beckman	2,858	51.7
329	328	First Kentucky Natl	2,853	4.6
330	320	St Regis Paper	2,852	2.3
331	357	Martin Marietta	2,838	11.5
332	373	Central Bancorp	2,833	16.4
333	380	Motorola	2,833	18.1
334	348	Natomas	2,833	8.5
335	349	American Home Prod	2,832	9.4

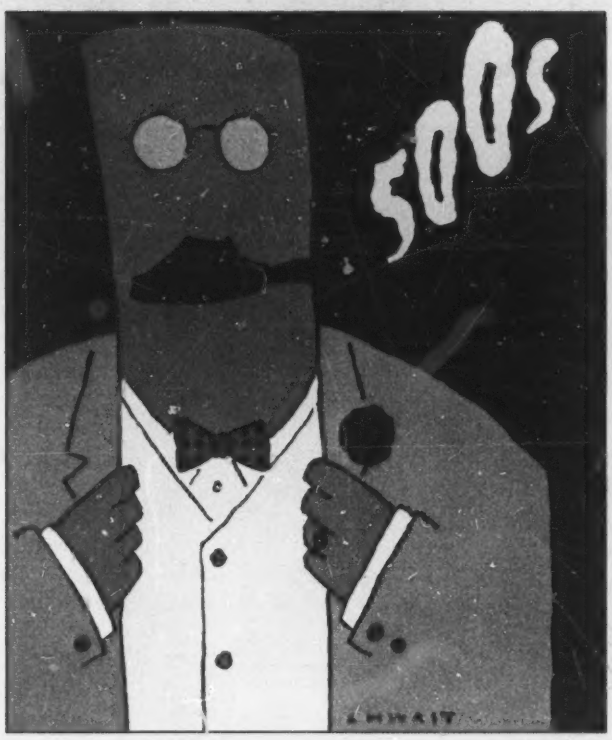
The Forbes Assets 500

Rank 1982	Rank 1981	Company	Assets ($000,000)	% change over 1981
336	340	Combustion Eng	2,824	5.9
337	363	Key Banks	2,795	11.8
338	356	First & Merchants	2,794	9.5
339	326	FMC	2,766	1.0
340	290	Centran	2,762	–8.4
341	384	Boatmen's Bancshares	2,758	17.1
342	365	Bristol-Myers	2,756	10.8
343	311	GATX	2,738	–5.0
344	362	Cincinnati G & E	2,737	9.4
345	374	Utah Power & Light	2,736	12.5
346	379	Kroger	2,730	13.5
347	335	Banco Popular PR	2,727	1.4
348	394	United Missouri Bshs	2,719	17.9
349	359	Potomac Elec Power	2,709	7.6
350	426	N Y State Elec & Gas	2,702	27.0
351	354	Indiana National	2,702	5.6
352	396	General Mills	2,702	17.4
353	296	Pan Am World Airways	2,696	–9.0
354	368	Provident Life & Acc	2,695	9.3
355	377	CBS	2,683	10.6
356	288	Firestone	2,672	–11.5
357	378	Kimberly-Clark	2,664	10.3
358	325	Boise Cascade	2,663	–2.8
359	395	Delta Air Lines	2,658	15.3
360	386	Central Bancshares	2,658	13.2
361	315	American Can	2,647	–6.7
362	389	General Dynamics	2,640	13.4
363	360	MidCon	2,639	4.9
364	411	Houston Natural Gas	2,635	19.6
365	393	Texas Instruments	2,631	13.9
366	310	Inland Steel	2,629	–9.1
367	366	NICOR	2,628	5.9
368	381	May Dept Stores	2,625	10.0
369	419	Western Savings & Loan	2,620	20.1
370	361	Borden	2,590	3.2
371	455	First American	2,587	31.7
372	375	Public Service Colo	2,575	5.9
373	342	Colgate-Palmolive	2,574	–2.2
374	383	Abbott Laboratories	2,567	9.0
375	232	Jim Walter	2,563	0.2
376	390	Atlantic Bancorp	2,535	9.1
377	427	Central Fidelity Bks	2,533	19.7
378	372	First United Bancorp	2,523	3.4
379	385	First Florida Banks	2,502	6.3
380	275	F W Woolworth	2,489	–20.8
381	484	Baker International	2,482	37.3
382	437	American Bancorp	2,471	20.4
383	429	Lockheed	2,464	17.1
384	443	Texas Oil & Gas	2,463	21.2
385	416	Borg-Warner	2,463	12.4
386	423	Natl Central Financl	2,459	13.6
387	428	Equitable Bancorp	2,458	16.4
388	333	Tiger International	2,454	–9.2
389	■	Combined Internatl	2,453	53.8
390	400	New England Electric	2,451	7.0
391	435	SouthTrust	2,441	18.5
392	401	Schering-Plough	2,429	6.3
393	421	Pillsbury	2,428	11.7
394	■	Northwest Energy	2,414	56.9
395	369	CPC International	2,413	–2.0
396	420	San Diego Gas & Elec	2,412	10.6
397	402	Citizens Fidelity	2,407	5.3
398	■	Colorado Natl Bnkshs	2,406	47.6
399	337	Ingersoll-Rand	2,403	–10.3
400	403	Consolidated Foods	2,399	5.4
401	405	CharterCorp	2,391	6.4
402	347	Crown Zellerbach	2,386	–8.8
403	424	First Hawaiian	2,384	11.0
404	397	Scott Paper	2,382	3.6
405	418	Gelco	2,373	8.7
406	332	B F Goodrich	2,371	–12.3
407	371	Williams Cos	2,3[illegible]0	–3.1
408	445	Moore Financial	2,361	17.1
409	439	Hughes Tool	2,361	15.5
410	392	Wisconsin Elec Pwr	2,355	1.7
411	407	Old Kent Financial	2,353	5.2
412	404	Liberty National	2,346	3.5
413	444	Marine	2,341	15.3
414	432	Arizona Bancwest	2,337	12.5
415	406	Portland Genl Elec	2,323	3.6
416	412	Emerson Electric	2,320	5.4
417	408	Amer Savings & Loan	2,306	3.6
418	440	Continental Bancorp	2,300	12.5
419	417	Commerce Union	2,289	4.6
420	398	NL Industries	2,284	–0.7
421	422	Allied Stores	2,283	4.8
422	391	Revlon	2,273	–1.9
423	413	U S Trust	2,256	2.6
424	448	First Natl Cinc	2,239	11.9
425	415	Mead	2,239	2.1
426	399	Manville	2,236	–2.7
427	■	Avon Products	2,233	42.4
428	446	Zions Utah Bancorp	2,214	10.1
429	441	Centel	2,199	8.0
430	447	Archer Daniels Midland	2,195	9.7
431	456	So Carolina E & G	2,194	12.0
432	382	Norton Simon	2,193	–8.0
433	442	Stauffer Chemical	2,189	7.6
434	430	TRANSOHIO Fincl	2,176	3.7
435	470	Air Prods & Chems	2,170	15.6
436	431	ASARCO	2,153	2.9
437	■	Suburban Bancorp	2,152	29.8
438	481	Public Service N M	2,146	17.1
439	465	Old Stone	2,136	12.2
440	464	Times Mirror	2,136	11.4
441	433	H J Heinz	2,130	2.7
442	474	Toledo Edison	2,122	13.6
443	450	Northwestern Finl	2,117	6.0
444	451	Sumitomo Bank Cal	2,115	6.4
445	409	Ralston Purina	2,114	–4.7
446	■	Walt Disney	2,103	30.6
447	376	Allegheny Intl	2,081	–14.3
448	■	Ethyl	2,075	64.4
449	485	South Carolina Natl	2,074	15.9
450	476	Deposit Guaranty	2,073	12.0
451	■	Marriott	2,063	41.8
452	480	Affiliated Bshs Colo	2,058	12.0
453	410	Burlington Inds	2,049	–7.3
454	452	Whitney Holding	2,047	3.5
455	473	Western Union	2,045	9.4
456	487	Union Camp	2,045	14.9
457	414	Textron	2,038	–7.2
458	387	Cooper Industries	2,037	–12.8
459	388	Eaton	2,030	–13.0
460	488	Amer Hospital Supply	2,018	14.0
461	469	Dayton Power & Light	2,017	7.1
462	499	First Virginia Banks	2,016	17.7
463	458	Upjohn	2,014	3.8
464	425	Phelps Dodge	2,014	–6.1
465	482	Oklahoma Gas & Elec	2,014	10.7
466	436	Fin Cp Santa Barbara	2,007	–2.4
467	494	Peoples Bancorp	2,005	15.1
468	364	Northwest Industries	2,002	–19.6
469	449	Hercules	2,001	0.2
470	491	Ryder System	1,985	12.8
471	454	Dana	1,984	0.9
472	477	Merchants National	1,981	7.1
473	467	So New England Tel	1,968	4.1
474	■	Puget Sound Pwr & Lt	1,954	17.2
475	466	First Empire State	1,947	2.8
476	460	Newmont Mining	1,947	0.7
477	453	Intl Minerals & Chem	1,942	–1.7
478	479	Broadview Financial	1,934	4.9
479	463	Boston Edison	1,930	0.6
480	462	Hospital Trust	1,930	0.2
481	457	Squibb	1,930	–1.1
482	■	Amer Broadcasting	1,922	21.0
483	461	Wickes Cos	1,913	23.2
484	471	Kidde	1,909	1.7
485	495	Carter Hawley Hale	1,883	8.1
486	■	Mitchell Energy & Dev	1,875	10.3
487	497	Campbell Soup	1,866	8.3
488	■	City National	1,859	12.6
489	■	Southland	1,843	9.8
490	498	Indust Valley Bank	1,842	7.2
491	496	Texas Gas	1,828	5.5
492	475	North Amer Philips	1,826	–1.5
493	■	Farmers Group	1,803	15.5
494	■	Corning Glass Works	1,798	11.4
495	■	Baxter Travenol Labs	1,793	12.7
496	■	Kansas City Pwr & Lt	1,792	10.8
497	■	Natl Bancshares Texas	1,785	23.2
498	■	First New Mexico Bksh	1,774	12.5
499	493	Esmark	1,758	0.9
500	■	Humana	1,745	16.2

■ Not on 500 list in 1981.

The Forbes Market Value 500

Whatever happened to old masters and other diversions? Answer: Stocks. The top 500 issues gained $154 billion in total market value.



ON THE LAST trading day of 1981 the total worth of The Forbes Market Value 500 was $918,123,430,000. One year later it was $1,072,164,000,000—which means $154 billion was added to the worth of the 500 biggest companies in the bull market of 1982.

More than 25% of that huge gain, or over $40 billion in value, came in the stock of the first ten companies, and that despite substantial erosion in the oils among them (which account for four of the ten).

Rank 1982	Rank 1981	Company	Market value ($000,000)	% change over 1981
1	2	IBM	57,982	72.1
2	1	American Tel & Tel	53,225	11.1
3	3	Exxon	25,764	–5.1
4	7	General Electric	21,616	65.4
5	8	General Motors	19,447	66.4

Except for the oil companies, in fact, this was the year the blue chips came back. Take Chrysler, the biggest gainer on the list. Investors farsighted, or lucky, enough to have bet on Lee Iacocca's miracle on the last trading day of 1981 saw Chrysler's total market value increase nearly sixfold by a year later. IBM gained a staggering $24.3 billion in market value, General Electric $8.6 billion, General Motors $7.7 billion. Sears, Roebuck came close to doubling—from $5.6 billion to $10.5 billion—moving from 25th to 10th on the list. And Ford more than doubled.

Many smaller companies on the Market Value 500 list did even better. A clutch of them more than tripled, including Federal National Mortgage, Mary Kay Cosmetics, USAir Group and Payless Cashways. More than a score at least doubled, including MCI Communications, Humana, R.H. Macy, Gould, Toys 'R' Us, Lockheed, UAL, AMR, Walgreen, Sysco, Tandon, Great Western Financial, E-Systems, Lowe's Cos., Sensormatic Electronics, Food Town Stores, Mercantile Stores, Advanced Micro Devices, Banc One, Trans World, American Stores, Clorox, Varian Associates, American Greetings, SCOA Industries and Paine Webber.

There were some orphans at this feast, of course, not all of them oil companies. Altogether, 123 of the 500 companies on last year's list lost market value in 1982, and 51 of them dropped completely off, to be supplanted by some of those big gainers, as well as such companies as the new Norfolk Southern Corp., CIGNA, AMR and Walgreen.

These market value figures were calculated from closing prices on Dec. 31, 1982. The Dow Jones industrial average that day closed at 1046.54 and since then has edged above 1150. So how much steam is left in the big bull market? That's impossible to predict, but it's worth noting that, in historical terms, the market had a long way to come back: That $1.072 trillion total means the Market Value 500 had not done too much more than pull even with the last trading day of 1980.

The Forbes Market Value 500

Rank 1982	Rank 1981	Company	Market value ($000,000)	% change over 1981
6	9	Eastman Kodak	14,233	23.1
7	4	Standard Oil Ind	11,614	-24.4
8	6	Shell Oil	11,434	-15.9
9	5	Standard Oil Calif	10,919	-25.4
10	25	Sears, Roebuck	10,586	88.7
11	10	Atlantic Richfield	10,353	-8.4
12	11	Mobil	10,204	-0.6
13	16	Procter & Gamble	9,820	47.3
14	15	Johnson & Johnson	9,385	35.1
15	33	Hewlett-Packard	9,161	88.5
16	19	Minn Mining & Mfg	8,842	38.1
17	12	Standard Oil Ohio	8,809	-13.7
18	13	E I du Pont	8,486	-2.8
19	14	Texaco	8,034	-6.0
20	23	Philip Morris	7,554	23.6
21	27	GTE	7,491	41.3
22	38	Coca-Cola	7,058	64.3
23	24	American Home Prod	6,975	23.2
24	20	Merck	6,257	-0.3
25	40	American Express	6,135	49.5
26	31	R J Reynolds Inds	5,742	16.8
27	36	SmithKline Beckman	5,721	26.8
28	34	Digital Equipment	5,554	17.3
29	29	Union Pacific	5,373	7.2
30	41	Pfizer	5,301	32.8
31	49	Tandy	5,297	51.7
32	17	Gulf Oil	5,150	-21.4
33	30	Dow Chemical	5,024	1.1
34	21	Phillips Petroleum	4,996	-19.0
35	54	Abbott Laboratories	4,732	43.1
36	90	Ford Motor	4,681	132.2
37	18	Union Oil California	4,623	-29.2
38	44	Weyerhaeuser	4,594	24.2
39	43	American Intl Group	4,558	22.7
40	47	Bristol-Myers	4,545	28.7
41	37	Tenneco	4,413	2.0
42	39	Eli Lilly	4,361	2.5
43	22	Halliburton	4,177	-32.1
44	42	Intl Tel & Tel	4,162	7.4
45	59	Emerson Electric	4,148	43.0
46	55	Citicorp	4,135	30.7
47	63	Pacific Gas & Elec	4,001	47.1
48	134	MCI Communications	3,917	140.6
49	28	Getty Oil	3,838	-27.6
50	56	Raytheon	3,777	20.1
51	73	Commonwlth Edison	3,756	54.2
52	61	Dart & Kraft	3,750	35.4
53	95	Wang Laboratories	3,712	86.9
54	48	Union Carbide	3,709	5.3
55	26	Sun Company	3,706	-31.9
56	35	Superior Oil	3,662	-22.0
57	46	Aetna Life & Cas	3,619	2.5
58	66	McDonald's	3,618	37.6
59	92	J C Penney	3,553	77.1
60	32	Caterpillar Tractor	3,542	-27.2
61	■	Norfolk Southern	3,438	NA
62	116	Hospital Corp of Am	3,424	91.5
63	76	Baxter Travenol Labs	3,412	44.4
64	122	Phibro-Salomon	3,409	92.5
65	84	Westinghouse Elec	3,399	56.3
66	70	So Calif Edison	3,396	34.8
67	101	Gannett	3,376	76.2
68	163	Wal-Mart Stores	3,352	143.5
69	53	PepsiCo	3,338	0.2
70	111	Motorola	3,331	82.8
71	85	Boeing	3,272	50.7
72	78	Southern Company	3,263	42.4
73	71	Rockwell Intl	3,259	30.9
74	■	CIGNA	3,251	NA
75	52	Texas Oil & Gas	3,241	-2.8
76	104	Texas Instruments	3,184	67.7
77	50	Xerox	3,166	-7.5
78	106	Anheuser-Busch Cos	3,115	66.5
79	62	Monsanto	3,096	11.8
80	86	United Technologies	3,075	42.0
81	67	American Elec Power	3,050	16.4
82	57	BankAmerica	2,972	-5.2
83	103	Time Inc	2,959	55.4
84	113	Amer Hospital Supply	2,878	58.5
85	125	General Re	2,871	63.1
86	123	Dun & Bradstreet	2,773	57.2
87	98	K mart	2,739	40.3
88	180	Humana	2,686	106.2
89	88	Texas Utilities	2,683	29.9
90	87	J P Morgan	2,673	27.6
91	60	Teledyne	2,673	-6.6
92	94	Georgia-Pacific	2,660	33.6
93	153	Dayton-Hudson	2,656	84.5
94	89	Consolidated Edison	2,635	27.8
95	165	Goodyear	2,595	89.5
96	97	Nabisco Brands	2,557	30.2
97	91	American Brands	2,531	25.7
98	151	Waste Management	2,521	73.5
99	115	General Mills	2,465	37.7
100	102	Alcoa	2,447	28.2
101	109	AMP	2,445	33.8
102	112	TRW	2,389	31.2
103	99	International Paper	2,388	23.0
104	185	Merrill Lynch	2,341	82.7
105	124	Beatrice Foods	2,328	32.1
106	206	NCR	2,300	98.1
107	126	Federated Dept Stores	2,294	31.6
108	133	Squibb	2,277	39.1
109	120	Warner-Lambert	2,253	27.1
110	110	Duke Power	2,231	22.2
111	143	Pub Svc Elec & Gas	2,205	42.3
112	74	CSX	2,158	-10.4
113	64	United States Steel	2,144	-20.8
114	51	Warner Commun	2,140	-37.1
115	149	Phila Electric	2,138	44.6
116	141	Times Mirror	2,131	36.5
117	130	Walt Disney	2,112	24.6
118	142	Dow Jones	2,098	35.0
119	147	Schering-Plough	2,096	40.8
120	140	Middle South Utils	2,073	32.6
121	138	G D Searle	2,065	29.9
122	80	Litton Industries	2,055	-9.7
123	139	General Foods	2,054	30.9
124	96	Amerada Hess	2,051	4.4
125	127	Kellogg	2,035	18.4
126	296	R H Macy	2,033	133.7
127	107	Travelers	2,026	8.8
128	129	CPC International	2,016	18.9
129	75	Deere	1,997	-16.7
130	114	Avon Products	1,989	10.2
131	93	Burlington Northern	1,966	-1.4
132	136	Honeywell	1,940	19.8
133	177	H J Heinz	1,913	46.0
134	79	Occidental Petroleum	1,893	-17.1
135	105	Santa Fe Industries	1,885	0.1
136	183	McGraw-Hill	1,876	45.8
137	83	W R Grace	1,848	-15.3
138	262	Melville	1,843	88.4
139	162	RCA	1,834	33.2
140	173	Florida Power & Lt	1,828	37.5
141	72	Pennzoil	1,803	-26.6
142	108	Signal Cos	1,801	-1.8
143	184	PPG Industries	1,799	40.2
144	175	General Dynamics	1,798	36.9
145	181	Ralston Purina	1,772	36.8
146	174	CBS	1,771	33.8
147	154	Burroughs	1,762	23.3
148	265	Delta Air Lines	1,759	80.6
149	257	Intel	1,758	78.5
150	207	Long Island Lighting	1,722	49.8
151	192	Apple Computer	1,722	40.5
152	190	Va Electric & Power	1,718	39.6
153	132	United Telecom	1,699	3.7
154	258	MCA	1,690	71.6
155	158	American Cyanamid	1,681	20.9
156	261	Amer Broadcasting	1,671	70.7
157	118	Chase Manhattan	1,662	-6.8
158	152	Kimberly-Clark	1,661	14.7
159	157	Archer Daniels Midland	1,639	17.7
160	297	Genuine Parts	1,636	88.5
161	320	Gould	1,633	105.2
162	189	Federal Express	1,624	31.9
163	170	Continental Corp	1,620	20.9
164	235	Carnation	1,619	52.0
165	210	McDonnell Douglas	1,618	41.2
166	223	Chesebrough-Pond's	1,616	46.2
167	264	Knight-Ridder News	1,615	65.7
168	219	Loews	1,612	44.2
169	164	Colgate-Palmolive	1,608	17.2
170	172	Houston Industries	1,604	19.7

■ Not on 500 list in 1981. NA: not available.

The Forbes Market Value 500

Rank 1982	Rank 1981	Company	Market value ($000,000)	% change over 1981
171	473	Fedl Natl Mortgage	1,603	219.1
172	217	Levi Strauss	1,601	42.4
173	277	Whirlpool	1,594	73.2
174	224	Borg-Warner	1,582	43.2
175	268	Capital Cities Commun	1,577	64.1
176	69	Baker International	1,567	–39.5
177	68	Dresser Industries	1,559	–40.3
178	276	Campbell Soup	1,559	68.9
179	166	General Instrument	1,555	14.0
180	273	Marriott	1,553	65.5
181	220	Arizona Public Serv	1,533	37.3
182	77	Fluor	1,529	–34.8
183	144	Sperry	1,526	1.2
184	275	Masco	1,522	63.4
185	100	Kerr-McGee	1,517	–21.7
186	215	Central & South West	1,516	34.0
187	171	Texas Eastern	1,500	11.9
188	319	Natl Medical Entrprs	1,499	87.9
189	205	Newmont Mining	1,493	28.1
190	145	Transamerica	1,472	–1.8
191	195	Union Camp	1,467	21.6
192	239	Niagara Mohawk Pwr	1,466	41.1
193	230	Detroit Edison	1,462	35.2
194	119	Houston Natural Gas	1,458	–18.2
195	191	Mfrs Hanover	1,454	18.2
196	194	Marsh & McLennan	1,443	18.2
197	411	Toys "R" Us	1,429	133.6
198	58	AMAX	1,427	–52.2
199	■	Chrysler	1,411	471.5
200	135	Upjohn	1,402	–13.5
201	272	Corning Glass Works	1,396	47.3
202	255	Penn Power & Light	1,396	39.4
203	241	Consumers Power	1,387	34.4
204	178	Control Data	1,380	5.6
205	250	Gillette	1,370	34.9
206	168	Sterling Drug	1,366	1.4
207	302	Holiday Inns	1,362	59.6
208	353	May Dept Stores	1,361	87.5
209	311	Borden	1,359	65.6
210	278	Ohio Edison	1,345	47.1
211	137	Diamond Shamrock	1,327	–16.8
212	437	Lockheed	1,317	133.3
213	294	Consolidated Foods	1,311	50.7
214	246	St Paul Cos	1,308	27.8
215	203	USF&G	1,307	11.9
216	229	Champion Intl	1,305	20.4
217	376	Electronic Data Sys	1,302	89.4
218	202	Gulf & Western Inds	1,287	10.0
219	159	First Interstate Bancp	1,280	–7.6
220	226	Fort Howard Paper	1,270	16.4
221	305	Auto Data Processing	1,265	49.3
222	212	Carolina Pwr & Lt	1,265	11.3
223	238	Dana	1,264	20.6
224	188	InterFirst	1,261	2.1
225	234	General Signal	1,259	17.6
226	306	Amer Medical Intl	1,240	46.6
227	267	Hercules	1,232	28.1
228	254	American General	1,224	22.1
229	81	Cooper Industries	1,223	–45.9
230	82	Hughes Tool	1,221	–44.7
231	313	Cleveland Elec Illum	1,220	49.4
232	208	Perkin-Elmer	1,218	6.1
233	247	Cox Communications	1,212	18.8
234	300	Public Service Ind	1,206	40.9
235	228	Farmers Group	1,197	10.2
236	373	Safeway Stores	1,196	72.8
237	251	Hilton Hotels	1,194	17.9
238	200	Texas Commerce Bshs	1,189	0.3
239	161	InterNorth	1,183	–14.3
240	283	Pacific Pwr & Lt	1,172	29.1
241	182	Harris Corp	1,165	–9.5
242	315	Union Electric	1,161	42.8
243	256	Nalco Chemical	1,152	15.9
244	339	Roadway Services	1,145	50.8
245	131	Freeport-McMoran	1,143	–30.9
246	328	Northrop	1,142	46.1
247	148	Allied Corp	1,141	–22.9
248	196	El Paso	1,135	–5.8
249	65	NL Industries	1,135	–57.0
250	364	R R Donnelley & Sons	1,132	58.8
251	341	Allegheny Power	1,130	49.7
252	340	Winn-Dixie Stores	1,125	48.2
253	310	Illinois Power	1,113	34.6
254	233	Continental Group	1,109	3.3
255	351	Kroger	1,102	51.5
256	361	Household Intl	1,102	53.7
257	244	Tektronix	1,095	6.6
258	242	Continental Telecom	1,092	6.2
259	201	Dover	1,090	–7.7
260	146	Panhandle Eastern	1,087	–27.2
261	193	Combustion Eng	1,086	–11.1
262	370	Prime Computer	1,086	55.2
263	299	Pillsbury	1,085	26.4
264	358	Northeast Utilities	1,085	50.5
265	231	Air Prods & Chems	1,083	0.6
266	336	City Investing	1,081	41.9
267	425	Ryder System	1,076	81.8
268	327	Baltimore Gas & Elec	1,074	37.2
269	121	Armco	1,073	–39.4
270	160	SONAT	1,072	–22.5
271	406	Western Union	1,071	72.3
272	237	Revlon	1,070	1.7
273	318	Utah Power & Light	1,067	33.7
274	404	Browning-Ferris Inds	1,059	69.4
275	288	Bankers Trust NY	1,047	18.0
276	280	Boise Cascade	1,041	14.0
277	308	FMC	1,038	24.3
278	213	Security Pacific	1,038	–8.6
279	374	Owens-Corning Fbrgls	1,037	50.4
280	218	Columbia Gas System	1,034	–7.8
281	325	Avnet	1,030	30.7
282	291	Chemical New York	1,027	16.3
283	260	Stauffer Chemical	1,025	4.6
284	216	Southern Pacific	1,019	–9.6
285	428	Northwest Airlines	1,019	74.2
286	362	Intl Flavors & Frag	1,010	41.6
287	289	Centel	1,010	14.1
288	326	Rohm & Haas	1,006	27.9
289	359	Gulf States Utils	990	37.7
290	488	UAL	985	101.7
291	402	Homestake Mining	972	55.3
292	347	Safeco	972	30.3
293	245	Tandem Computers	965	–5.9
294	169	ENSERCH	958	–28.8
295	197	Big Three Industries	955	–20.4
296	360	Super Valu Stores	953	32.6
297	253	Consol Natural Gas	951	–5.3
298	330	Square D	947	21.6
299	259	M/A-Com	941	–4.2
300	304	Lincoln National	940	10.5
301	357	Firestone	933	29.4
302	344	Southland	933	24.1
303	414	Capital Holding	926	52.4
304	392	Deluxe Check Printers	923	42.8
305	422	Louisiana-Pacific	922	54.4
306	■	AMR	922	191.3
307	295	Eaton	921	5.8
308	281	Jack Eckerd	920	1.0
309	443	ROLM	908	63.3
310	366	No States Power	907	28.2
311	282	Brown-Forman Distl	903	–0.7
312	387	Lucky Stores	885	34.4
313	438	Hershey Foods	883	56.6
314	382	Interco	880	31.2
315	441	GEICO	880	57.4
316	285	Arkla	880	–2.1
317	266	Becton, Dickinson	875	–10.0
318	390	Engelhard	866	33.2
319	379	Scott Paper	864	26.6
320	■	Walgreen	859	136.6
321	484	N Y State Elec & Gas	858	75.4
322	420	So New England Tel	856	42.7
323	211	Murphy Oil	852	–25.1
324	301	Intl Minerals & Chem	852	–0.3
325	372	Quaker Oats	848	21.8
326	187	Natomas	847	–32.0
327	287	Computervision	846	–4.6
328	403	Esmark	846	35.1
329	416	Medtronic	845	40.5
330	292	Penn Central	844	–4.0
331	478	NIKE	841	69.8
332	249	Bethlehem Steel	841	–17.2
333	232	St Regis Paper	840	–21.8
334	447	United States Gypsum	839	52.0
335	393	Potomac Elec Power	838	30.4

■ Not on 500 list in 1981.

The Forbes Market Value 500

Rank 1982	Rank 1981	Company	Market value ($000,000)	% change over 1981
336	440	EG&G	835	49.0
337	498	Morton Thiokol	834	80.2
338	427	Public Service N M	833	42.2
339	467	San Diego Gas & Elec	833	60.5
340	479	Revco D S	830	68.3
341	398	Metromedia	828	30.3
342	■	Sysco	820	112.7
343	317	American Standard	820	1.4
344	395	Public Service Colo	817	27.7
345	303	RepublicBank	816	–4.3
346	176	Continental Illinois	814	–38.0
347	284	Textron	812	–10.4
348	290	Am Natural Resources	808	–8.6
349	335	Sundstrand	805	5.4
350	221	Louisiana Land	802	–28.1
351	375	Burlington Inds	799	16.2
352	383	ASARCO	797	18.9
353	332	National Distillers	796	3.2
354	■	Tandon	795	157.3
355	457	Allied Stores	794	50.2
356	450	F W Woolworth	792	45.1
357	329	Crown Zellerbach	791	1.5
358	439	New England Electric	787	39.8
359	419	Duquesne Light	786	30.9
360	167	Mesa Petroleum	785	–42.3
361	225	Ingersoll-Rand	783	–28.9
362	381	Polaroid	782	16.1
363	■	Washington Post	781	78.4
364	452	A C Nielsen	777	43.9
365	489	Gulf United	775	59.4
366	355	Pacific Lighting	772	6.8
367	309	Ashland Oil	771	–7.1
368	■	Albertson's	769	95.2
369	460	W W Grainger	768	45.5
370	446	Berkshire Hathaway	765	38.4
371	396	Black & Decker	763	19.8
372	298	Owens-Illinois	761	–12.3
373	222	Pioneer	761	–31.6
374	■	Gt Western Financial	760	131.9
375	316	MidCon	760	–6.0
376	431	Wisconsin Elec Pwr	756	31.1
377	209	Utd Energy Resources	755	–34.3
378	451	Cincinnati G & E	754	38.8
379	371	Greyhound	751	7.5
380	312	Pioneer Hi-Bred Intl	750	–8.3
381	389	Combined Internatl	749	15.1
382	■	Pitney Bowes	746	84.3
383	356	Mellon National	746	3.3
384	384	PACCAR	746	11.7
385	486	Oklahoma Gas & Elec	744	52.3
386	338	Colt Industries	743	–2.4
387	179	Martin Marietta	740	–43.3
388	492	New York Times	740	53.8
389	442	No Indiana Pub Svc	739	32.8
390	333	First Chicago	738	–3.9
391	252	Mitchell Energy & Dev	737	–27.2
392	■	Mary Kay Cosmetics	735	209.0
393	271	Lubrizol	735	–22.5
394	434	Florida Progress	728	27.6
395	204	Storage Technology	725	–37.9
396	■	E-Systems	724	106.9
397	■	Key Pharmaceuticals	723	125.6
398	286	Petrolane	722	–18.8
399	117	Northwest Industries	708	–60.3
400	263	First City Bancorp	707	–27.6
401	477	Genl Tire & Rubber	706	42.2
402	293	Celanese	705	–19.2
403	472	Comsat	702	38.2
404	378	Allied Bancshares	702	2.7
405	■	Limited	701	257.5
406	409	Westvaco	695	13.1
407	■	Lowe's Companies	693	178.1
408	354	NICOR	692	–4.2
409	■	Sensormatic Electrns	690	107.4
410	■	Food Town Stores	685	107.9
411	■	Mercantile Stores	682	107.2
412	459	Consol Freightways	674	27.7
413	■	Convergent Technolgs	673	NA
414	426	Foremost-McKesson	673	14.8
415	■	H F Ahmanson	671	87.1
416	345	CBI Industries	669	–11.0
417	380	E F Hutton Group	666	–1.8
418	321	Cabot	664	–16.1
419	400	Northwest Bancorp	664	5.6
420	199	Southland Royalty	664	–44.3
421	■	Advanced Micro Devcs	662	137.2
422	■	Shared Medical Systm	660	47.9
423	■	USAir Group	659	225.2
424	497	Stanley Works	659	42.0
425	■	So Carolina E & G	657	47.6
426	■	Banc One	655	117.7
427	455	North Amer Philips	654	22.7
428	388	Kaiser Alum & Chem	652	–0.7
429	■	Rite Aid	650	61.6
430	307	MAPCO	650	–22.7
431	■	VF	649	96.9
432	■	U S Tobacco	648	49.6
433	■	Pall	648	54.2
434	■	Diebold	646	59.0
435	454	Mercantile Texas	646	21.0
436	417	McGraw-Edison	645	7.3
437	198	SEDCO	644	–46.3
438	■	Avco	641	51.7
439	391	Richardson-Vicks	641	–1.2
440	240	Smith International	640	–38.4
441	423	American Petrofina	639	7.1
442	■	Trans World	638	114.2
443	■	American Stores	638	119.5
444	155	Cameron Iron Works	637	–55.3
445	346	Noble Affiliates	635	–14.8
446	481	Alexander & Alexander	635	28.9
447	405	Baldwin-United	635	1.9
448	410	Wells Fargo	634	3.3
449	500	Dayton Power & Light	633	37.9
450	445	Jefferson-Pilot	633	14.2
451	453	Raychem	627	16.9
452	475	Portland Genl Elec	621	24.5
453	407	Vulcan Materials	618	–0.3
454	430	Bank of Boston	613	5.6
455	■	Armstrong World Inds	613	49.6
456	350	Phelps Dodge	612	–16.3
457	436	Chubb	611	8.0
458	■	Varian Associates	611	152.3
459	■	Servicemaster Inds	611	49.4
460	342	Bally Manufacturing	610	–18.9
461	■	Jim Walter	610	90.5
462	227	Transco Energy	607	–44.2
463	■	Pic'n'Save	606	142.2
464	■	Associated Dry Goods	602	81.1
465	■	Wendy's International	596	65.1
466	■	Southwest Airlines	595	98.0
467	■	Clorox	595	121.2
468	■	Brown Group	595	93.0
469	■	Payless Cashways	592	213.6
470	■	Southwestern Pub Svc	590	40.3
471	482	Inland Steel	589	19.9
472	■	PHH Group	588	61.8
473	■	American Greetings	586	112.4
474	■	United States Shoe	586	65.8
475	424	Gt Northern Nekoosa	585	–1.8
476	■	Puget Sound Pwr & Lt	582	41.0
477	■	Jewel Cos	581	32.1
478	■	Tele-Communications	580	52.0
479	■	Willamette Inds	575	29.1
480	493	Lear Siegler	575	21.0
481	385	American Can	574	–13.7
482	352	Timken	573	–21.2
483	429	Cincinnati Milacron	572	–1.9
484	■	Premier Industrial	572	32.5
485	■	Grumman	568	97.3
486	■	Beverly Enterprises	567	95.5
487	■	B F Goodrich	567	44.3
488	363	Norton	567	–20.5
489	■	General Cinema	566	46.7
490	■	Tampax	565	58.4
491	413	Norton Simon	565	–7.3
492	397	Belco Petroleum	564	–11.4
493	■	Alco Standard	564	55.2
494	■	Emhart	563	44.0
495	■	Potlatch	563	23.6
496	476	Cray Research	561	12.5
497	■	Tucson Electric Pwr	560	41.2
498	■	SCOA Industries	559	177.6
499	■	Paine Webber	558	132.2
500	469	Commerce Clearing	558	8.3

■ Not on 500 list in 1981. NA: not available.

SUMMARY

Where they rank: 1982								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
374	253	35	86	Abbott Laboratories (Dec)	2,566,909	2,602,447	4,731,530	289,123
■	■	421	■	Advanced Micro Devices (Mar)	243,523	281,580	661,994	8,950
10	27	57	35	Aetna Life & Casualty (Dec)	44,210,828	14,164,375	3,619,240	521,900
452	■	■	■	Affiliated Bankshares of Colorado (Dec)	2,058,184	242,532	112,032	21,032
50	315	415	■	H F Ahmanson (Dec)	16,863,863	2,014,906	670,856	–44,514
435	383	265	272	Air Products & Chemicals (Sept)	2,169,505	1,568,916	1,082,520	105,654
■	153	368	432	Albertson's (Jan)	831,079	3,940,117	769,466	58,375
■	236	493	419	Alco Standard (Sept)	920,880	2,851,999	563,520	61,550
■	■	446	■	Alexander & Alexander Services (Dec)	1,456,519	573,254	635,136	14,227
210	427	■	434	Alleghany (Dec)	4,402,833	1,349,742	415,758	57,876
447	237	■	494	Allegheny International (Dec)	2,081,120	2,838,620	314,123	47,258
269	348	251	174	Allegheny Power System (Dec)	3,420,827	1,751,811	1,130,191	160,668
136	■	404	334	Allied Bancshares (Dec)	6,010,632	717,930	701,581	82,348
125	77	247	92	Allied Corp (Dec)	6,272,000	6,167,000	1,141,219	272,000
421	197	355	306	Allied Stores (Jan)	2,283,252	3,249,363	793,801	90,659
■	370	■	■	Allis-Chalmers (Dec)	1,204,421	1,609,992	122,655	–206,981
138	118	100	■	Aluminum Company of America (Dec)	5,989,500	4,647,630	2,446,675	–9,048
173	270	198	■	AMAX (Dec)	5,089,600	2,415,500	1,426,583	–390,100
133	54	124	166	Amerada Hess (Dec)	6,145,303	8,342,570	2,051,250	168,662
382	■	■	■	American Bancorporation (Dec)	2,471,186	271,487	113,613	22,532
127	124	97	55	[1]American Brands (Dec)	6,255,882	4,563,496	2,530,694	381,121
482	250	156	175	American Broadcasting Cos (Dec)	1,922,292	2,640,753	1,670,895	160,027
361	147	481	■	American Can (Dec)	2,647,300	4,063,400	574,213	–132,900
315	184	155	225	American Cyanamid (Dec)	2,997,405	3,453,674	1,680,858	132,127

■ Not on 500 list.

[1]Figures include unconsolidated subsidiaries.

A Summary of the 500s' Rankings

On these and the following pages, a summary of all four Forbes 500 rosters. The companies are listed alphabetically. We give their rankings in assets, sales, market value and net profits, the actual figures reported that determined those rankings, the number of their employees and the names of their chief executives.

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
		Share data: 1982							
409,833	122,104	NYSE	ABT	2.37	0.81	38⅛	North Chicago, Ill	31.8	Robert A Schoellhorn
24,992	26,348	NYSE	AMD	0.37	none	25⅛	Sunnyvale, Cal	9.9	Walter J Sanders III
1,150,300	99,498	NYSE	AET	5.80	2.47	36⅜	Hartford, Conn	46.7	John H Filer
36,128	6,224	NASDAQ	AFBK	2.98	1.00	18	Boulder, Colo	2.2	Leo Hill
788,675	24,175	NYSE	AHM	–1.88	0.75	27¼	Los Angeles, Cal	4.7	William H Ahmanson
310,746	29,760	NYSE	APD	3.68	0.80	36⅜	Allentown, Pa	17.6	Edward Donley
113,288	16,285	NYSE	ABS	3.81	0.97	47¼	Boise, Ida	31.0	Warren E McCain
86,339	18,784	NYSE	ASN	2.95	1.09	30	Valley Forge, Pa	17.9	Ray B Mundt
77,389	25,030	NYSE	AAL	0.57	1.94	25⅜	New York, NY	9.0	John A Bogardus Jr
535,481	8,378	NYSE	Y	5.80	1.08	49⅜	New York, NY	4.6	Fred M Kirby
80,274	11,269	NYSE	AG	0.21	1.40	27⅞	Pittsburgh, Pa	46.7	Robert J Buckley
318,958	47,587	NYSE	AYP	3.41	2.28	23¾	New York, NY	5.8	Charles B Finch
130,616	29,728	NASDAQ	ALBN	2.78	0.73	23⅛	Houston, Tex	3.5	Gerald H Smith
535,000	35,250	NYSE	ALD	6.22	2.40	32¾	Morris Township, NJ	51.3	Edward L Hennessey Jr
175,883	20,821	NYSE	ALS	4.41	1.80	33⅛	New York, NY	65.0	Thomas M Macioce
–165,034	12,580	NYSE	AH	–17.24	none	9¾	West Allis, Wisc	21.7	David C Scott
287,700	78,925	NYSE	AA	–0.15	1.65	31	Pittsburgh, Pa	40.9	Charles W Parry
–92,000	65,590	NYSE	AMX	–6.53	0.85	21¾	Greenwich, Conn	17.1	Pierre Gousseland
666,778	82,050	NYSE	AHC	2.00	1.10	25	New York, NY	8.9	Philip Kramer
27,508	9,089	NASDAQ	APEN	2.53	1.00	12½	Reading, Pa	1.9	Samuel A McCullough
445,732	55,165	NYSE	AMB	6.55	3.50	45⅞	New York, NY	50.1	Edward W Whittemore
245,428	28,996	NYSE	ABC	5.54	1.60	57⅜	New York, NY	13.7	Leonard H Goldenson
91,500	18,598	NYSE	AC	–7.31	2.90	30⅞	Greenwich, Conn	36.8	William S Woodside
307,505	48,370	NYSE	ACY	2.74	1.75	34¾	Wayne, NJ	41.0	George J Sella

All share data adjusted for stock splits and stock dividends through May 9, 1983.

The Dimensions of American Business

Where they rank: 1982								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
62	139	81	65	American Electric Power (Dec)	12,223,786	4,179,955	3,049,539	335,027
23	55	25	30	American Express (Dec)	28,311,000	8,093,000	6,135,183	581,000
311	■	■	■	American Fletcher (Dec)	3,038,369	347,978	91,580	18,066
56	228	228	135	American General (Dec)	13,275,827	2,913,211	1,224,231	202,725
■	■	473	■	American Greetings (Feb)	580,675	742,683	585,748	44,582
335	122	23	31	American Home Products (Dec)	2,831,781	4,582,096	6,974,646	560,103
460	220	84	112	American Hospital Supply (Dec)	2,018,400	2,968,400	2,877,875	229,500
85	177	39	48	American International Group (Dec)	9,119,928	3,563,172	4,558,363	412,650
■	477	226	349	American Medical International (Aug)	1,219,817	1,154,689	1,240,390	78,811
■	233	■	■	American Motors (Dec)	1,607,319	2,878,416	377,632	–153,474
292	■	■	392	American National Insurance (Dec)	3,222,122	723,970	441,854	69,457
227	210	348	172	American Natural Resources (Dec)	3,980,303	3,097,159	807,886	161,088
■	291	441	453	American Petrofina (Dec)	1,166,022	2,242,445	638,793	54,401
417	■	■	■	American Savings & Loan Assn of Fla (Sept)	2,305,568	287,931	57,462	–13,161
271	■	■	■	American Security (Dec)	3,406,894	368,685	180,222	28,664
■	303	343	■	American Standard (Dec)	1,519,930	2,124,519	819,570	35,583
■	60	443	307	American Stores (Jan)	1,444,367	7,507,772	637,585	90,371
1	2	2	1	American Telephone & Telegraph (Dec)	148,185,500	65,093,000	53,225,234	6,992,000
145	■	■	418	AmeriTrust (Dec)	5,753,475	623,605	332,189	62,022
■	296	■	■	Amfac (Dec)	1,421,869	2,208,538	388,804	34,208
■	452	101	250	AMP (Dec)	1,076,322	1,243,438	2,445,211	118,948
233	140	306	■	[2]AMR (Dec)	3,896,813	4,176,974	921,715	–19,613
285	■	■	■	AmSouth Bancorporation (Dec)	3,255,458	373,768	172,443	31,900
■	416	■	■	Amstar (June)	666,619	1,421,912	228,763	40,095
■	357	■	446	Anderson, Clayton (June)	909,192	1,680,723	328,998	55,414
232	123	78	87	Anheuser-Busch Cos (Dec)	3,902,847	4,576,575	3,114,834	287,264
■	■	151	421	Apple Computer (Sept)	357,787	583,061	1,722,234	61,306
■	239	■	■	ARA Services (Sept)	1,205,787	2,805,633	411,411	38,874
430	167	159	187	Archer Daniels Midland (June)	2,194,819	3,712,977	1,638,773	154,990
414	■	■	■	[3]Arizona Bancwest (Dec)	2,337,246	274,782	131,953	16,719
236	■	181	111	Arizona Public Service (Dec)	3,888,536	1,064,453	1,533,041	231,043
■	437	316	289	Arkla (Dec)	1,581,007	1,296,584	879,673	95,380
130	75	269	■	[1]Armco (Dec)	6,207,800	6,278,500	1,073,447	–354,700
■	442	455	■	Armstrong World Industries (Dec)	903,031	1,285,590	612,538	19,808
436	426	352	■	ASARCO (Dec)	2,153,064	1,350,695	796,627	–38,704
213	50	367	153	Ashland Oil (Sept)	4,210,481	8,864,669	770,994	180,864
■	203	464	352	Associated Dry Goods (Jan)	1,700,684	3,188,858	601,507	78,414
376	■	■	■	Atlantic Bancorp (Dec)	2,534,606	299,674	161,714	21,268
33	15	11	7	Atlantic Richfield (Dec)	21,632,775	26,462,150	10,353,378	1,676,078
■	■	221	435	Automatic Data Processing (June)	555,449	669,263	1,265,437	57,794
135	263	438	423	Avco (Nov)	6,037,660	2,459,292	641,474	60,463
■	495	281	388	Avnet (June)	623,099	1,112,039	1,029,900	70,470
427	215	130	141	Avon Products (Dec)	2,233,200	3,000,800	1,988,863	196,600
381	258	176	102	Baker International (Sept)	2,482,382	2,535,102	1,567,215	248,642
89	173	447	495	Baldwin-United (Dec)	8,398,744[4]	3,598,000	634,942	46,996
■	447	460	305	Bally Manufacturing (Dec)	1,014,930	1,254,415	610,041	90,978
261	374	268	161	Baltimore Gas & Electric (Dec)	3,513,136	1,595,471	1,073,813	174,805
179	■	426	437	Banc One (Dec)	5,028,928	605,297	654,924	57,521
242	■	■	■	BanCal Tri-State (Dec)	3,839,364	520,921	95,815	8,691

■ Not on 500 list.

[1]Figures include unconsolidated subsidiaries.
[2]Formerly American Airlines.
[3]Formerly Arizona Bank.
[4]Assets as of 9/30/82.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Share data: 1982 — Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
803,936	171,805	NYSE	AEP	2.03	2.26	17¾	Columbus, Ohio	25.3	Willis S White Jr
1,912,000	127,315	NYSE	AXP	4.53	1.65	48¼	New York, NY	61.2	James D Robinson III
35,257	4,579	NASDAQ	AFLT	3.97	1.32	20	Indianapolis, Ind	2.4	Frank E McKinney Jr
1,098,800	22,108	NYSE	AGC	7.36	2.20	55⅜	Houston, Tex	11.2	Harold S Hook
64,580	31,033	NASDAQ	AGREA	1.54	0.59	18⅞	Cleveland, Ohio	17.0	Irving I Stone
673,692	155,858	NYSE	AHP	3.59	2.15	44¾	New York, NY	51.9	John W Culligan
285,300	71,500	NYSE	AHS	3.18	0.81	40¼	Evanston, Ill	31.5	Karl D Bays
741,680	72,126	NASDAQ	AIGR	5.61	0.37	63¼	New York, NY	23.2	Maurice R Greenberg
165,936	45,156	NYSE	AMI	1.69	0.39	27½	Beverly Hills, Cal	30.0	Royce Diener
–90,929	57,001	NYSE	AMO	–2.85	none	6⅝	Southfield, Mich	23.0	W Paul Tippett Jr
212,749	28,974	NASDAQ	ANAT	2.38	0.78	15¼	Galveston, Tex	7.9	Orson C Clay
432,400	24,116	NYSE	ANR	6.77	2.96	33½	Detroit, Mich	11.6	Arthur R Seder Jr
142,232	10,827	ASE	API A	5.03	3.20	59	Dallas, Tex	2.6	Richard I Galland
155,411	5,606	NYSE	AAA	–2.54	none	10¼	Miami, Fla	0.9	Morris N Broad
43,360	7,356	NASDAQ	ASEC	3.93	1.30	24½	Washington, DC	1.4	W Jarvis Moody
127,425	27,319	NYSE	AST	1.30	2.20	30	New York, NY	42.6	William A Marquard
184,000	9,809	NYSE	ASC	8.07	0.95	65	Salt Lake City, Utah	62.0	Lennie S Skaggs
20,846,300	896,425	NYSE	T	8.06	5.40	59⅜	New York, NY	1,015.9	Charles L Brown
108,847	9,292	NASDAQ	AMTR	6.69	2.76	35¾	Cleveland, Ohio	4.2	M Brock Weir
95,065	14,954	NYSE	AMA	2.27	1.44	26	Honolulu, Haw	26.0	Myron Du Bain
195,700	35,893	NYSE	AMP	3.31	1.40	68⅛	Harrisburg, Pa	19.7	Walter F Raab
220,453	37,241	NYSE	AMR	–1.00	none	24¾	Dallas, Tex	41.6	Albert V Casey
48,115	7,457	NYSE	ASO	4.21	1.60	23⅛	Birmingham, Ala	3.6	John W Woods
64,938	9,105	NYSE	ASR	4.31	1.90	25⅛	New York, NY	8.7	Howard B Wentz Jr
74,135	12,299	NYSE	AYL	4.47	1.32	26¾	Houston, Tex	17.6	Thomas J Barlow
530,820	48,292	NYSE	BUD	5.97	1.38	64½	St Louis, Mo	20.2	August A Busch III
85,847	57,648	NASDAQ	AAPL	1.06	none	29⅞	Cupertino, Cal	2.9	John Sculley
139,871	11,508	NYSE	ARA	3.43	2.00	35¾	Philadelphia, Pa	115.0	Joseph Neubauer
281,800	76,222	NYSE	ADM	2.03	0.14	21½	Decatur, Ill	7.7	Dwayne O Andreas
29,998	8,312	NASDAQ	AZBW	2.23	0.77	15⅞	Phoenix, Ariz	2.2	Donald B Tostenrud
308,041	62,894	NYSE	AZP	3.30	2.40	24⅜	Phoenix, Ariz	6.6	Keith L Turley
194,824	50,267	NYSE	ALG	1.90	0.86	17½	Shreveport, La	5.2	Edward Sheffield Nelson
76,500	65,554	NYSE	AS	–5.56	1.50	16⅜	Middletown, Ohio	59.8	Harry Holiday Jr
77,609	24,749	NYSE	ACK	0.79	1.10	24¾	Lancaster, Pa	20.8	Harry A Jensen
–16,803	27,352	NYSE	AR	–2.40	0.50	29⅛	New York, NY	10.9	Ralph L Hennebach
409,119	26,586	NYSE	ASH	5.29	2.40	29	Russell, Ky	32.5	John R Hall
163,304	13,517	NYSE	DG	4.31	1.90	44½	New York, NY	60.5	William P Arnold
36,215	5,259	NASDAQ	ABAN	4.05	1.16	30¾	Jacksonville, Fla	3.0	Billy J Walker
3,843,705	246,509	NYSE	ARC	6.61	2.40	42	Los Angeles, Cal	52.9	William F Kieschnik
114,323	34,201	NYSE	AUD	1.71	0.47	37	Clifton, NJ	14.5	Josh S Weston
364,192	22,607	NYSE	AV	2.58	1.20	28⅜	Greenwich, Conn	25.8	Robert P Bauman
194,440	34,330	NYSE	AVT	2.02	0.50	30	New York, NY	8.0	Anthony R Hamilton
304,100	74,350	NYSE	AVP	2.75	2.50	26¾	New York, NY	36.1	David W Mitchell
419,652	69,654	NYSE	BKO	3.60	0.84	22½	Orange, Cal	25.6	Earnest H Clark Jr
NA	20,482	NYSE	BDW	2.10	0.84	31	Cincinnati, Ohio	12.7	Morley P Thompson
172,656	26,098	NYSE	BLY	3.20	0.15	23⅜	Chicago, Ill	11.0	Robert E Mullane
359,971	37,350	NYSE	BGE	4.07	2.76	28¾	Baltimore, Md	9.0	Bernard C Trueschler
94,486	17,011	NASDAQ	BONE	3.60	1.17	38½	Columbus, Ohio	4.4	John G McCoy
26,830	4,761	NYSE	BNC	1.79	1.20	20⅛	San Francisco, Cal	3.2	Chauncey E Schmidt

All share data adjusted for stock splits and stock dividends through May 9, 1983.

NA: Not available

The Dimensions of American Business

Where they rank: 1982				Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
Assets	Sales	Market value	Net profits					
347	■	■	■	Banco Popular de Puerto Rico (Dec)	2,727,043	32[illegible]06	99,000	27,282
142	■	■	■	BancOhio (Dec)	5,822,355	661,062	132,578	22,196
320	■	■	■	Bancorp Hawaii (Dec)	2,971,295	361,739	167,540	29,866
43	241	454	239	[5]Bank of Boston (Dec)	18,267,397	2,745,262	612,664	124,401
176	■	■	■	[6]Bank of New England (Dec)	5,065,355	641,994	195,489	35,679
58	393	■	378	Bank of New York (Dec)	12,723,562	1,523,389	363,424	73,247
274	■	■	■	Bank of Virginia (Dec)	3,353,246	412,015	123,761	21,710
3	26	82	53	BankAmerica (Dec)	122,220,806	14,954,793	2,972,060	389,634
14	117	275	119	Bankers Trust New York (Dec)	40,427,059	4,676,789	1,046,702	223,121
114	■	■	440	Barnett Banks of Florida (Dec)	6,932,141	791,313	372,465	56,770
495	359	63	149	Baxter Travenol Laboratories (Dec)	1,792,710	1,671,445	3,412,034	186,885
251	■	■	■	BayBanks (Dec)	3,709,662	437,321	188,340	33,235
191	49	105	56	Beatrice Foods (Feb)	4,743,901	9,023,520	2,327,887	358,266
■	494	317	357	Becton, Dickinson (Sept)	1,089,615	1,113,921	874,863	76,692
■	■	492	278	Belco Petroleum (Dec)	871,300	344,367	564,496	104,034
129	311	■	■	[1]Beneficial Corp (Dec)	6,211,700	2,039,700	544,929	–35,600
■	■	370	■	Berkshire Hathaway (Dec)	1,485,624	462,358	764,925	31,497
■	381	■	■	Best Products (Jan)		1,581,650		28,820
199	101	332	■	Bethlehem Steel (Dec)	4,611,300	5,260,300	840,879	–1,469,600
■	■	486	■	Beverly Enterprises (Dec)	931,866	816,187	567,294	26,045
■	■	295	317	Big Three Industries (Dec)	1,055,313	767,785	954,900	86,812
■	472	371	■	Black & Decker Manufacturing (Sept)	995,329	1,160,233	763,226	–76,602
■	440	■	■	Blue Bell (Sept)	739,186	1,292,220	397,248	37,258
341	■	■	■	Boatmen's Bancshares (Dec)	2,757,872	258,332	99,089	20,693
100	48	71	84	Boeing (Dec)	7,593,000	9,035,000	3,271,986	292,000
358	229	276	■	Boise Cascade (Dec)	2,662,977	2,912,450	1,041,066	7,250
370	144	209	170	Borden (Dec)	2,589,702	4,111,277	1,358,789	165,855
385	202	174	168	Borg-Warner (Dec)	2,462,600	3,195,300	1,582,077	167,400
479	■	■	424	Boston Edison (Dec)	1,929,940	1,056,267	381,290	60,380
342	172	40	59	Bristol-Myers (Dec)	2,756,235	3,599,864	4,545,226	348,655
478	■	■	■	Broadview Financial (Dec)	1,934,240	195,321	13,007	–25,431
■	■	■	499	Brooklyn Union Gas (Sept)	848,401	879,953	252,474	45,860
■	■	311	318	Brown-Forman Distillers (Apr)	575,134	578,099	903,010	86,771
■	421	468	426	Brown Group (Oct)	621,571	1,396,531	594,664	59,590
■	■	274	415	Browning-Ferris Industries (Sept)	666,673	714,945	1,059,341	62,677
■	■	■	145	Brunswick (Dec)	787,040	1,068,243	2[illegible]0,575	192,342
453	235	351	463	Burlington Industries (Sept)	2,049,008	2,876,205	798,560	52,487
143	137	131	88	Burlington Northern (Dec)	5,797,265	4,197,599	1,965,519	283,756
219	145	147	303	Burroughs (Dec)	4,123,123	4,095,291	1,761,683	91,228
■	377	418	314	Cabot (Sept)	1,319,114	1,587,658	664,222	88,007
217	■	■	■	California First Bank (Dec)	4,156,440	493,001	149,345	9,687
■	482	444	192	Cameron Iron Works (June)	1,329,017	1,147,255	636,720	152,583
487	225	178	197	Campbell Soup (July)	1,865,519	2,944,779	1,558,884	149,613
■	■	175	287	Capital Cities Communications (Dec)	776,013	663,580	1,576,658	96,317
222	441	303	269	Capital Holding (Dec)	4,064,345	1,286,139	926,194	106,938
■	188	164	146	Carnation (Dec)	1,712,326	3,382,212	1,618,577	190,567
182	390	222	114	Carolina Power & Light (Dec)	4,950,955	1,538,165	1,264,953	227,147
485	213	■	479	Carter Hawley Hale Stores (Jan)	1,882,960	3,054,764	498,281	49,025
■	337	■	■	Castle & Cooke (June)	1,116,693	1,823,233	248,522	9,712

■ Not on 500 list.

[1]Figures include unconsolidated subsidiaries.
[5]Formerly First National Boston.
[6]Formerly New England Merchants.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Share data: 1982 Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
42,761	4,500	NASDAQ	BPOP	6.06	1.44	22	San Juan, PR	3.5	Rafael Carrión Jr
56,149	8,035	NASDAQ	BOHI	2.76	1.00	16½	Columbus, Ohio	5.9	Arthur D Herrmann
48,288	7,703	NASDAQ	BNHI	3.76	1.12	21¾	Honolulu, Haw	2.8	Frank J Manaut
187,734	18,153	NYSE	BKBOS	6.67	1.92	33¾	Boston, Mass	12.8	William L Brown
75,187	4,393	NASDAQ	BKNE	7.93	2.35	44½	Boston, Mass	4.1	Roderick M MacDougall
146,317	7,305	NYSE	BK	10.18	3.25	49¾	New York, NY	8.3	John Carter Bacot
36,717	5,790	NYSE	BKV	3.77	1.20	21⅜	Richmond, Va	2.9	Frederick Deane Jr
1,126,670	147,680	NYSE	BAC	2.61	1.52	20⅛	San Francisco, Cal	86.4	Samuel H Armacost
375,176	28,194	NYSE	BT	7.75	2.05	37⅛	New York, NY	12.2	Alfred Brittain III
95,287	13,795	NYSE	BBF	3.46	1.02	27	Jacksonville, Fla	8.2	Charles E Rice
277,861	70,533	NYSE	BAX	2.64	0.44	48⅜	Deerfield, Ill	30.1	Vernon R Loucks Jr
49,560	6,278	NASDAQ	BBNK	5.34	1.75	30	Boston, Mass	4.7	William M Crozier Jr
601,668	99,059	NYSE	BRY	3.48	1.48	23½	Chicago, Ill	80.0	James L Dutt
138,084	20,585	NYSE	BDX	3.63	1.10	42½	Paramus, NJ	21.4	Wesley J Howe
181,282	23,894	NYSE	BPC	4.35	0.65	23⅝	New York, NY	1.3	Arthur B Belfer
268,700	22,242	NYSE	BNL	–2.36	2.00	24½	Wilmington, Del	14.9	Finn M W Caspersen
62,505	987	NASDAQ	BKHT	31.93	none	775	New Bedford, Mass	0.6	Warren E Buffet
55,272	15,842	NYSE	BES	2.45	0.32	25	Richmond, Va	18.7	Sydney Lewis
–172,900	43,682	NYSE	BS	–33.64	1.30	19¼	Bethlehem, Pa	66.9	Donald H Trautlein
59,313	21,819	ASE	BEV	1.33	0.27	26	Pasadena, Cal	48.0	Robert Van Tuyle
183,881	42,440	NYSE	BIG	2.05	0.69	22½	Houston, Tex	5.8	Harry K Smith
–26,573	42,109	NYSE	BDK	–1.82	0.70	18⅛	Towson, Md	16.4	Laurence J Farley
48,613	12,763	NYSE	BBL	2.92	1.80	31⅛	Greensboro, NC	31.5	Edward J Bauman
29,308	4,346	NASDAQ	BOAT	4.78	1.44	22⅞	St Louis, Mo	1.8	Donald N Brandin
736,000	96,590	NYSE	BA	3.02	1.40	33⅞	Seattle, Wash	95.7	Thornton A Wilson
131,260	26,694	NYSE	BCC	0.26	1.90	39	Boise, Ida	28.4	John B Fery
265,652	28,531	NYSE	BN	5.81	2.18	47⅝	New York, NY	33.2	Eugene J Sullivan
277,600	41,771	NYSE	BOR	3.90	1.43	37⅞	Chicago, Ill	61.7	James F Beré
170,413	14,665	NYSE	BSE	3.18	2.80	26	Boston, Mass	3.9	Thomas J Galligan Jr
430,100	67,587	NYSE	BMY	5.18	2.04	67¼	New York, NY	35.3	Richard L Gelb
112,969	2,973	NASDAQ	BDVF	–8.55	0.01	4⅜	Cleveland, Ohio	0.7	John E Rupert
80,865	8,451	NYSE	BU	4.60	2.70	29⅞	Brooklyn, NY	3.6	Eugene H Luntey
100,046	25,171	ASE	BFD B	3.43	0.82	35⅞	Louisville, Ky	2.6	W L Lyons Brown Jr
82,209	10,619	NYSE	BG	5.55	1.76	56	St Louis, Mo	27.0	Bernard A Bridgewater Jr
132,596	29,771	NYSE	BFI	2.07	0.67	35⅝	Houston, Tex	11.8	Harry J Phillips Sr
265,252	11,623	NYSE	BC	13.68	1.00	25	Skokie, Ill	20.0	Jack F Reichert
208,924	28,520	NYSE	BUR	1.85	1.52	28	Greensboro, NC	58.5	William A Klopman
367,454	36,998	NYSE	BNI	7.39	1.67	53⅛	Seattle, Wash	49.5	Richard M Bressler
471,086	42,196	NYSE	BGH	2.17	2.60	41¾	Detroit, Mich	64.5	W Michael Blumenthal
159,843	31,819	NYSE	CBT	2.77	0.92	20⅞	Boston, Mass	7.6	Robert A Charpie
26,529	9,878	NASDAQ	CFBK	1.10	1.03	15⅛	San Francisco, Cal	3.8	Yasushi Sumiya
207,188	30,320	NYSE	CIW	5.02	0.40	21	Houston, Tex	11.1	Myron A Wright
301,630	32,225	NYSE	CPB	4.64	2.10	48⅜	Camden, NJ	40.2	H Gordon McGovern
137,529	13,180	NYSE	CCB	7.25	0.20	119⅝	New York, NY	7.2	Thomas S Murphy
588,261	26,275	NYSE	CPH	3.98	1.32	35¼	Louisville, Ky	8.2	Thomas C Simons
237,343	36,578	NYSE	CMK	5.21	2.00	44¼	Los Angeles, Cal	21.8	H Everett Olson
369,012	58,835	NYSE	CPL	3.17	2.40	21½	Raleigh, NC	7.8	Sherwood H Smith Jr
142,340E	31,890	NYSE	CHH	1.55	1.22	15⅝	Los Angeles, Cal	55.5	Philip M Hawley
65,395	28,701	NYSE	CKE	0.17	0.38	8¾	Honolulu, Haw	36.0	Ian R Wilson

All share data adjusted for stock splits and stock dividends through May 9, 1983.
E: Estimate.

The Dimensions of American Business

Where they rank: 1982				Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
Assets	Sales	Market value	Net profits					
109	72	60	■	Caterpillar Tractor (Dec)	7,201,000	6,469,000	3,541,673	–180,000
■	463	416	311	CBI Industries (Dec)	978,565	1,210,244	669,024	88,186
355	148	146	257	CBS (Dec)	2,682,874	4,052,271	1,771,110	112,509
175	■	■	■	CBT (Dec)	5,069,859	459,844	227,089	31,016
327	212	402	■	Celanese (Dec)	2,862,000	3,062,000	704,950	–34,000
■	■	■	406	[7]Celeron (Dec)	709,769	942,827	430,000	65,011
429	475	287	262	[8]Centel (Dec)	2,199,397	1,156,180	1,009,723	108,196
172	■	■	■	Centerre Bancorporation (Dec)	5,122,499	617,030	144,362	23,263
170	275	186	99	Central & South West (Dec)	5,134,916	2,389,253	1,516,021	259,229
332	■	■	■	Central Bancorporation (Dec)	2,833,198	300,393	112,574	21,142
360	■	■	■	Central Bancshares of the South (Dec)	2,657,520	298,416	87,793	21,307
377	■	■	■	Central Fidelity Banks (Dec)	2,532,764	277,197	112,392	18,418
■	■	■	400	Central Illinois Public Service (Dec)	1,468,679	587,083	500,170	66,344
■	347	■	■	Central Soya (Aug)	543,643	1,758,142	252,816	19,467
340	■	■	■	Centran (Dec)	2,761,693	329,586	56,289	–58,676
264	165	216	■	Champion International (Dec)	3,471,994	3,737,378	1,305,110	39,650
161	80	■	■	[1]Charter (Dec)	5,309,832	6,[illegible]959	237,270	11,429
401	■	■	■	[9]CharterCorp (Dec)	2,390,547	258,935	104,885	12,020
4	41	157	80	Chase Manhattan (Dec)	80,862,903	10,171,436	1,661,884	307,483
9	95	282	105	Chemical New York (Dec)	48,274,842	5,515,159	1,026,878	240,560
■	365	166	238	Chesebrough-Pond's (Dec)	1,043,420	1,623,190	1,616,085	125,265
126	42	199	280	Chrysler (Dec)	6,263,576	10,044,938	1,410,681	103,219
295	398	457	372	Chubb (Dec)	3,202,808	1,508,637	611,479	74,234
21	34	74	39	CIGNA (Dec)	31,395,332	11,786,857	3,251,357	490,100
344	446	378	229	Cincinnati Gas & Electric (Dec)	2,737,453	1,260,507	753,568	130,483
■	■	483	■	Cincinnati Milacron (Dec)	660,514	759,688	571,851	12,238
2	20	46	24	Citicorp (Dec)	129,997,000	17,814,000	4,134,715	723,000
137	■	■	476	Citizens & Southern Georgia (Dec)	6,004,578	635,445	320,291	50,037
397	■	■	■	Citizens Fidelity (Dec)	2,407,405	348,966	186,573	25,051
205	■	■	■	City Federal Savings & Loan Association (Dec)	4,528,450	554,098	113,494	13,189
101	86	266	327	City Investing (Dec)	7,554,500	5,771,100	1,081,337	84,600
488	■	■	■	City National (Dec)	1,859,188	219,450	168,344	14,555
241	497	231	127	Cleveland Electric Illuminating (Dec)	3,843,294	1,108,571	1,220,056	208,964
■	■	467	■	Clorox (June)	539,563	867,141	595,015	45,120
289	85	■	404	Coastal Corp (Dec)	3,225,673	5,799,413	423,900	65,630
183	76	22	36	Coca-Cola (Dec)	4,923,310	6,249,718	7,058,480	512,232
373	114	169	140	Colgate-Palmolive (Dec)	2,574,413	4,887,995	1,608,406	196,910
■	455	■	■	Colonial Penn Group (Dec)	1,052,663	1,236,119	266,046	29,367
398	■	■	■	Colorado Natl Bankshares (Dec)	2,406,374	261,529	141,085	21,426
■	397	386	■	Colt Industries (Dec)	1,190,234	1,511,594	742,822	–161,358
168	106	280	151	Columbia Gas System (Dec)	5,154,666	5,070,591	1,033,898	184,538
389	■	381	320	Combined International (Dec)	2,453,217	1,043,895	748,886	86,571
336	175	261	178	Combustion Engineering (Dec)	2,823,839	3,569,817	1,086,322	158,117
103	■	■	■	[10]Comerica (Dec)	7,378,332	751,554	237,674	35,690
276	■	■	■	Commerce Bancshares (Dec)	3,342,976	359,965	167,053	31,477
■	■	500	■	Commerce Clearing House (Dec)	272,617	350,132	558,000	31,538
419	■	■	■	[11]Commerce Union (Dec)	2,288,671	279,119	45,605	9,386
54	143	51	29	Commonwealth Edison (Dec)	13,729,477	4,129,666	3,755,559	606,741
■	■	403	■	Communications Satellite (Dec)	812,969	409,507	702,000	43,308

■ Not on 500 list.

[1]Figures include unconsolidated subsidiaries.
[7]Formerly Central Louisiana Energy.
[8]Formerly Central Telephone & Utilities.
[9]Formerly First National Charter.
[10]Formerly DETROITBANK.
[11]Formerly Tennessee Valley Bancorp.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
	Share data: 1982								
357,000	88,266	NYSE	CAT	−2.04	2.40	40⅛	Peoria, Ill	73.2	Lee L Morgan
159,850	17,321	NYSE	CBH	5.06	1.55	38⅛	Oak Brook, Ill	11.0	William A Pogue
213,683	29,642	NYSE	CBS	4.01	2.80	59¾	New York, NY	32.5	Thomas H Wyman
51,155	8,651	NASDAQ	CBCT	5.36	1.54	26¼	Hartford, Conn	3.8	Walter J Connolly Jr
245,000	15,579	NYSE	CZ	−2.45	4.00	45¼	New York, NY	27.4	John D Macomber
118,213	21,500	NYSE	CEL	3.01	0.60	20	Lafayette, La	0.7	Gale L Galloway
285,460	27,016	NYSE	CNT	3.96	2.20	37⅜	Chicago, Ill	13.6	Robert P Reuss
49,076	7,598	NASDAQ	CTBC	3.05	1.80	19	St Louis, Mo	3.7	Clarence C Barksdale
474,045	87,253	NYSE	CSR	2.82	1.68	17⅜	Dallas, Tex	8.8	Durwood Chalker
34,083	5,236	NASDAQ	CBAN	4.04	1.95	21½	Cincinnati, Ohio	2.8	Oliver W Birckhead
31,464	6,689	NASDAQ	CBSS	3.18	0.86	13⅛	Birmingham, Ala	2.1	Harry B Brock Jr
27,618	5,352	NASDAQ	CFBS	3.56	1.24	21	Richmond, Va	2.7	Carroll L Saine
122,532	32,269	NYSE	CIP	1.81	1.47	15½	Springfield, Ill	2.9	Donald G Raymer
56,807	15,207	NYSE	CSY	1.28	0.84	16⅛	Fort Wayne, Ind	18.3	Douglas G Fleming
−36,814	3,882	NASDAQ	CENB	−15.91	0.40	14½	Cleveland, Ohio	2.5	Wilson M Brown Jr
194,553	54,952	NYSE	CHA	0.45	0.94	23⅜	Stamfo_, Conn	39.4	Andrew C Sigler
1,879,186	21,570	NYSE	CHK	0.19	1.00	11	Jacksonville, Fla	5.4	Raymond K Mason
17,548	3,814	NASDAQ	CHCP	3.15	1.88	27½	Kansas City, Mo	2.0	Gordon E Wells
519,771	33,916	NYSE	CMB	7.73	3.40	49	New York, NY	35.5	Willard C Butcher
425,213	25,355	NYSE	CHL	8.41	2.80	40½	New York, NY	19.6	Donald C Platten
168,243	35,913	NYSE	CBM	3.56	1.72	45	Greenwich, Conn	21.3	Ralph E Ward
563,000	79,475	NYSE	C	0.97	none	17¾	Highland Park, Mich	73.7	Lee A Iacocca
179,320	12,322	NASDAQ	CHUB	6.03	2.92	49⅛	New York, NY	7.8	Henry U Harder
1,718,200	73,477	NYSE	CI	6.38	2.30[10]	44¼	New York, NY	40.9	Robert D Kilpatrick
182,752	40,460	NYSE	CII	2.75	2.12	18⅛	Cincinnati, Ohio	5.1	William H Dickhoner
40,770	22,536	NYSE	CMZ		0.72	25⅛	Cincinnati, Ohio	12.0	James A D Geier
1,386,000	127,222	NYSE	FNC	5.60	1.68	32½	New York, NY	59.4	Walter B Wriston
90,332	30,145	NASDAQ	CSGA	1.67	0.50	10⅛	Atlanta, Ga	5.6	Bennett A Brown
39,961	3,068	NASDAQ	CFDY	3.11	1.04	23⅛	Louisville, Ky	1.8	J David Grissom
182,177	6,394	NASDAQ	CTYF	1.97	none	17¾	Elizabeth, NJ	2.2	Gilbert G Roessner
402,800	35,895	NYSE	CNV	2.29	1.68	30⅛	New York, NY	65.1	George T Scharffenberger
30,556	7,566	NASDAQ	CTYN	1.92	0.77	22¼	Beverly Hills, Cal	1.8	Bram Goldsmith
291,711	61,775	NYSE	CVX	3.01	2.19	19¾	Cleveland, Ohio	5.3	Robert M Ginn
76,281	24,041	NYSE	CLX	1.90	0.90	24¾	Oakland, Cal	5.4	Calvin S Hatch
241,066	21,600	NYSE	CGP	2.65	0.40	19⅜	Houston, Tex	6.5	Oscar S Wyatt Jr
789,694	135,740	NYSE	KO	3.95	2.48	52	Atlanta, Ga	39.4	Roberto C Goizueta
262,257	81,957	NYSE	CL	2.41	1.20	19⅜	New York, NY	43.7	Keith Crane
85,696	16,124	NYSE	CPG	1.82	1.40	16½	Philadelphia, Pa	3.1	John J MacWilliams
38,936	7,784	NASDAQ	COLO	2.79	0.73	18⅛	Denver, Colo	4.8	Bruce M Rockwell
56,534	23,962	NYSE	COT	−6.37	1.80	31	New York, NY	22.9	George A Strichman
487,724	35,806	NYSE	CG	5.10	2.86	28⅞	Wilmington, Del	12.1	W Frederick Laird
257,801	27,109	NYSE	PMA	2.96	1.85	27⅜	Northbrook, Ill	5.0	Patrick G Ryan
283,395	33,044	NYSE	CSP	4.77	1.72	32⅞	Stamford, Conn	43.5	Arthur J Santry Jr
51,972	9,603	NASDAQ	CMCA	3.91	1.90	24¾	Detroit, Mich	4.6	Donald R Mandich
52,188	5,346	NASDAQ	CBSH	6.37	1.84	31⅛	Kansas City, Mo	3.0	James M Kemper Jr
40,911	9,000	NASDAQ	CCLR	3.50	1.48	62	Chicago, Ill	5.3	Richard T Merrill
24,989	3,923	NASDAQ	COMU	2.14	0.80	11⅝	Nashville, Tenn	2.0	William F Earthman
876,830	148,735	NYSE	CWE	3.75	2.80	25¼	Chicago, Ill	17.2	James J O'Connor
168,614	9,000	NYSE	CQ	5.41	2.30	78	Washington, DC	3.2	Joseph V Charyk

All share data adjusted for stock splits and stock dividends through May 9, 1983.

The Dimensions of American Business

Where they rank: 1982				Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
Assets	Sales	Market value	Net profits					
■	■	327	■	Computervision (Dec)	274,140	325,185	846,315	32,381
■	355	■	■	ConAgra (May)	488,570	1,705,169	509,796	32,873
96	107	94	38	Consolidated Edison (Dec)	7,872,069	5,067,404	2,634,763	492,551
400	81	213	183	Consolidated Foods (June)	2,398,802	6,039,276	1,311,378	156,737
■	464	412	449	Consolidated Freightways (Dec)	899,442	1,203,796	674,200	54,789
281	201	297	176	Consolidated Natural Gas (Dec)	3,271,881	3,210,985	950,670	159,804
99	243	203	89	Consumers Power (Dec)	7,593,816	2,731,081	1,387,017	280,549
418	■	■	■	[12]Continental Bancorp (Dec)	2,300,148	266,023	143,750	25,752
86	180	163	274	Continental Corp (Dec)	8,619,394	3,505,788	1,620,369	105,210
146	93	254	156	[1]Continental Group (Dec)	5,727,400	5,564,200	1,109,318	180,400
11	82	346	354	Continental Illinois (Dec)	42,899,424	5,900,040	813,879	77,887
139	340	258	195	[13]Continental Telecom (Dec)	3,864,625	1,817,689	1,092,149	150,467
117	135	204	189	Control Data (Dec)	6,911,900	4,292,000	1,379,862	153,300
■	■	413	■	Convergent Technologies (Dec)	100,868	96,462	673,362	11,915
458	273	229	218	Cooper Industries (Dec)	2,036,547	2,393,989	1,223,089	135,135
494	382	201	370	Corning Glass Works (Dec)	1,797,700	1,578,700	1,396,418	74,500
■	■	233	405	[14]Cox Communications (Dec)	800,146	514,746	1,211,578	65,421
395	146	128	110	CPC International (Dec)	2,412,961	4,091,464	2,016,149	231,598
■	487	■	■	Crane (Dec)	857,177	1,126,398	240,730	–3,343
■	■	496	■	Cray Research (Dec)	223,968	141,149	561,183	19,000
26	232	■	382	Crocker National (Dec)	24,938,759	2,893,659	522,083	71,594
■	344	■	■	Crown Central Petroleum (Dec)	643,055	1,772,468	87,858	7,016
■	425	■	■	Crown Cork & Seal (Dec)	840,599	1,351,859	412,528	44,732
402	223	357	■	Crown Zellerbach (Dec)	2,385,600	2,947,400	790,687	–112,200
91	113	112	62	CSX (Dec)	8,109,100	4,908,600	2,158,293	338,400
314	■	■	■	Cullen/Frost Bankers (Dec)	3,013,111	353,092	150,942	26,122
■	679	■	■	Cummins Engine (Dec)	1,281,804	1,587,476	411,011	7,704
471	266	223	469	Dana (Dec)	1,984,472	2,422,937	1,264,414	51,611
171	43	52	57	Dart & Kraft (Dec)	5,133,800	9,974,400	3,750,033	350,300
319	88	93	130	Dayton-Hudson (Jan)	2,984,147	5,660,729	2,656,198	206,716
461	■	449	258	Dayton Power & Light (Dec)	2,017,099	886,648	636,472	112,203
139	119	129	461	Deere (Oct)	5,935,670	4,608,226	1,996,501	52,898
■	■	■	374	Delmarva Power & Lt (Dec)	1,471,[illegible]	636,666	475,661	73,571
359	171	148	■	Delta Air Lines (June)	2,657,[illegible]	1,617,523	1,759,424	20,814
■	■	304	407	Deluxe Check Printers (Dec)	349,[illegible]	549,519	923,053	64,887
450	■	■	■	Deposit Guaranty (Dec)	2,073,295	231,738	92,626	16,174
98	304	193	101	Detroit Edison (Dec)	7,635,741	2,123,254	1,462,007	254,701
297	205	211	198	Diamond Shamrock (Dec)	3,193,714	3,177,379	1,326,565	149,543
■	■	434	■	Diebold (Dec)	264,736	427,639	645,990	41,503
225	155	28	46	Digital Equipment (June)	4,024,013	3,880,771	5,553,991	417,156
446	■	117	284	Walt Disney Productions (Sept)	2,102,816	1,030,250	2,112,424	100,093
291	■	■	■	Dominion Bankshares (Dec)	3,224,685	372,181	138,496	17,659
159	■	■	■	Donaldson, Lufkin & Jenrette (Dec)	5,324,973	628,667	219,349	18,150
■	419	250	304	R R Donnelley & Sons (Dec)	968,709	1,404,206	1,131,928	91,175
■	474	■	■	Dorchester Gas (Aug)	533,468	1,159,101	194,688	17,812
■	■	259	309	Dover (Dec)	611,535	1,035,212	1,090,005	89,787
65	39	33	61	Dow Chemical (Dec)	11,807,000	10,618,000	5,024,149	342,000
■	■	118	313	Dow Jones (Dec)	594,741	730,673	2,097,885	88,103
■	478	■	■	Dravo (Dec)	640,861	1,151,617	161,308	–11,326

■ Not on 500 list.

[1]Figures include unconsolidated subsidiaries.
[12]Formerly Continental Bank.
[13]Formerly Continental Telephone.
[14]Formerly Cox Broadcasting.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
		Share data: 1982							
58,258	27,411	NYSE	CVN	1.18	none	30⅞	Bedford, Mass	4.0	James R Berrett
50,274	18,207	NYSE	CAG	2.51	0.90	28	Omaha, Neb	11.6	Charles M Harper
819,861	128,525	NYSE	ED	3.55	1.68	20½	New York, NY	22.7	Arthur Hauspurg
333,532	29,061	NYSE	CFD	5.39	2.12	45⅛	Chicago, Ill	88.9	John H Bryan Jr
116,348	13,484	NYSE	CNF	4.08	1.58	50	Palo Alto, Cal	16.9	Raymond F O'Brien
382,039	40,240	NYSE	CNG	3.90	1.88	23⅜	Pittsburgh, Pa	7.5	George J Tankersley
395,283	70,676	NYSE	CMS	3.16	2.44	19⅝	Jackson, Mich	12.8	John D Selby
35,125	5,000	NASDAQ	CBRP	5.12	1.94	28¼	Norristown, Pa	1.7	Roy T Pennino
207,627	54,696	NYSE	CIC	2.04	2.60	29⅝	New York, NY	19.2	John P Mascotte
451,400	32,627	NYSE	CCC	4.81	2.60	34	Stamford, Conn	48.7	S Bruce Smart Jr
585,415	30,945	NYSE	CiL	1.95	2.00	20⅛	Chicago, Ill	12.8	Roger E Anderson
481,616	63,313	NYSE	CTC	2.32	1.56	17¼	Atlanta, Ga	21.6	Charles Wohlstetter
542,300	37,168	NYSE	CDA	4.06	0.54	37⅛	Minneapolis, Minn	58.3	William C Norris
13,557	30,038	NASDAQ	CVGT	0.42	none	22½	Santa Clara, Cal	0.4	Allen H Michels
207,804	42,728	NYSE	CBE	2.76	1.45	28⅛	Houston, Tex	34.9	Robert Cizik
113,600	21,198	NYSE	GLW	3.52	2.32	65⅞	Corning, NY	30.9	James R Houghton
158,763	28,341	NYSE	COX	2.31	0.27	42¾	Atlanta, Ga	6.4	William A Schwartz
304,300	48,436	NYSE	CPC	4.80	2.06	41⅛	Englewood Cliffs, NJ	38.7	James W McKee Jr
75,708	10,178	NYSE	CR	–0.32	1.66	23¾	New York, NY	15.5	Thomas M Evans
61,850	14,529	NYSE	CYR	1.38	none	38⅛	Minneapolis, Minn	1.2	John A Rollwagen
134,483	19,159	NYSE	CKN	3.62	2.40	27¼	San Francisco, Cal	15.3	John B M Place
66,564	6,220	ASE	CNP A	0.92	0.80	14⅛	Baltimore, Md	1.7	Henry A Rosenberg Jr
87,054	13,984	NYSE	CCK	3.15	none	29½	Philadelphia, Pa	13.8	John F Connelly
113,500	26,917	NYSE	ZB	–4.86	1.98	29⅜	San Francisco, Cal	27.1	William T Creson
596,100	42,216	NYSE	CSX	8.10	2.84	51⅛	Richmond, Va	63.0	Hays T Watkins
47,240	6,861	NASDAQ	CFBI	3.78	0.84	22	San Antonio, Tex	2.3	Thomas C Frost
94,767	8,431	NYSE	CUM	0.21	2.00	48¼	Columbus, Ind	20.9	Henry B Schacht
136,381	36,386	NYSE	DCN	1.43	1.60	34¼	Toledo, Ohio	32.1	Gerald B Mitchell
684,500	54,745	NYSE	DKI	6.40	3.60	68½	Northbrook, Ill	79.9	John M Richman
342,707	48,185	NYSE	DH	4.29	1.13	55⅛	Minneapolis, Minn	77.5	William A Andres
151,990	36,723	NYSE	DPL	2.65	1.90	17¼	Dayton, Ohio	3.6	Robert E Frazer
166,426	67,678	NYSE	DE	0.78	2.00	29½	Moline, Ill	54.6	Robert A Hanson
135,350	29,048	NYSE	DEW	2.13	1.58	16⅛	Wilmington, Del	2.7	Nevius M Curtis
287,722	39,761	NYSE	DAL	0.52	1.00	44¼	Atlanta, Ga	37.4	David C Garrett Jr
104,913	22,933	NYSE	DLX	2.83	1.06	40¼	St Paul, Minn	9.8	Eugene R Olson
29,949	3,194	NASDAQ	DEPS	5.06	1.90	29	Jackson, Miss	1.6	John P Maloney
463,121	111,391	NYSE	DTE	1.75	1.68	13⅛	Detroit, Mich	11.2	Walter J McCarthy Jr
446,527	63,548	NYSE	DIA	2.37	1.76	20⅞	Dallas, Tex	12.2	William H Bricker
48,108	8,671	NYSE	DBD	4.80	0.80	74½	Canton, Ohio	6.2	Earl F Wurstler
570,713	55,819	NYSE	DEC	7.53	none	99½	Maynard, Mass	65.1	Kenneth H Olsen
216,828	33,398	NYSE	DIS	3.01	1.20	63¼	Burbank, Cal	26.5	Ronald W Miller
31,007	9,805	NASDAQ	DMBK	1.79	1.00	14⅛	Roanoke, Va	3.1	Warner N Dalhouse
30,448	12,102	NYSE	DLJ	1.41	0.20	18⅛	New York, NY	3.7	Richard H Jenrette
180,976	19,024	NYSE	DNY	4.80	1.42	59½	Chicago, Ill	16.0	Charles W Lake Jr
54,742	17,500	ASE	DGS	1.01	0.16	11⅛	Dallas, Tex	1.2	George S Rooker
127,821	35,592	NYSE	DOV	2.52	0.68	30⅜	New York, NY	12.9	Gary L Roubos
1,067,000	194,170	NYSE	DOW	1.77	1.80	25⅞	Midland, Mich	60.2	Paul F Oreffice
119,987	63,814	NYSE	DJ	1.39	0.54	32⅞	New York, NY	5.6	Warren H Phillips
26,787	13,035	NYSE	DRV	–0.90	0.85	12⅜	Pittsburgh, Pa	12.6	Thomas F Faught Jr

All share data adjusted for stock splits and stock dividends through May 9, 1983

The Dimensions of American Business

Where they rank: 1982								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
279	141	177	162	Dresser Industries (Oct)	3,310,900	4,166,400	1,558,907	172,300
28	9	18	15	E I du Pont de Nemours (Dec)	24,343,000	33,223,000	8,485,908	894,000
113	290	110	58	Duke Power (Dec)	7,057,780	2,244,480	2,230,814	349,877
■	406	86	205	Dun & Bradstreet (Dec)	998,440	1,461,566	2,772,972	142,122
325	■	359	267	Duquesne Light (Dec)	2,883,411	746,462	785,836	107,273
■	■	396	■	E-Systems (Dec)	315,373	754,385	723,801	35,779
290	164	■	■	Eastern Air Lines (Dec)	3,224,887	3,769,237	198,544	–[illegible]
■	431	■	401	Eastern Gas & Fuel Associates (Dec)	1,344,729	1,325,621	491,017	66,116
71	38	6	12	Eastman Kodak (Dec)	10,614,156	10,815,000	14,233,000	1,162,000
459	264	307	■	Eaton (Dec)	2,030,124	2,452,573	920,704	–189,630
■	306	308	385	Jack Eckerd (July)	754,377	2,080,183	919,965	70,681
■	■	336	■	EG&G (Dec)	270,393	800,843	834,618	40,157
216	129	248	459	El Paso (Dec)	4,179,589	4,364,042	1,135,453	53,236
■	■	■	384	El Paso Electric (Dec)	1,138,605	270,090	383,205	70,888
■	■	217	496	Electronic Data Systems (June)	330,192	503,335	1,301,535	46,967
416	181	45	82	Emerson Electric (Sept)	2,319,799	3,502,327	4,148,183	300,105
■	353	494	344	Emhart (Dec)	1,002,200	1,710,400	563,017	80,200
■	314	418	408	Engelhard (Dec)	775,524	2,018,885	866,138	64,811
308	161	294	181	ENSERCH (Dec)	3,079,070	3,787,675	958,132	157,353
310	405	■	489	[1]Entex (June)	3,052,123	1,463,265	406,069	47,657
294	■	■	■	Equimark (Dec)	3,215,007	363,634	29,081	6,416
387	■	■	■	Equitable Bancorporation (Dec)	2,457,505	283,733	92,570	11,240
499	194	328	265	Esmark (Oct)	1,758,241	3,303,220	845,518	107,566
448	334	■	294	[1]Ethyl (Dec)	2,074,885	1,845,623	547,107	93,514
■	454	■	■	Evans Products (Dec)	948,780	1,237,906	103,540	–64,821
■	■	■	485	Ex-Cell-O (Nov)	697,633	1,027,123	369,070	48,202
7	1	3	3	Exxon (Dec)	62,288,550	97,172,523	25,763,679	4,185,932
■	404	■	■	Farm House Foods (Mar)	273,608	1,463,793	34,633	3,932
493	■	235	233	Farmers Group (Dec)	1,802,661	633,100	1,196,808	126,601
■	479	■	■	Federal Co (May)	310,820	1,149,861	231,452	17,562
■	■	162	353	Federal Express (May)	730,291	803,915	1,623,996	78,385
5	63	171	■	Federal National Mortgage Assoc (Dec)	73,466,703	7,384,157	1,603,305	–133,764
202	58	107	109	Federated Department Stores (Jan)	4,574,288	7,698,944	2,293,988	232,776
220	■	■	■	Fidelcor (Dec)	4,119,516	444,237	130,644	28,263
270	■	■	■	Fidelity Union Bancorp (Dec)	3,408,752	326,543	105,117	1,761
122	■	■	■	Financial Corp of America (Dec)	6,611,883	775,280	395,939	36,726
466	■	■	■	Financial Corp of Santa Barbara (Dec)	2,006,678	245,938	22,207	–9,352
309	■	■	■	Financial Federation (Dec)	3,066,139	324,822	93,191	627
356	158	301	■	Firestone Tire & Rubber (Oct)	2,672,000	3,869,000	933,196	2,000
304	■	■	■	First Alabama Bancshares (Dec)	3,123,890	350,895	204,527	33,379
371	■	■	■	First American (Dec)	2,586,512	280,980	95,359	17,029
338	■	■	■	First & Merchants (Dec)	2,794,355	345,855	133,209	25,135
207	■	■	■	First Atlanta (Dec)	4,480,046	477,682	219,250	38,393
49	322	■	253	First Bank System (Dec)	16,899,365	1,961,408	532,636	14,714
47	423	■	295	First Boston (Dec)	17,324,189	1,394,960	346,913	93,043
83	■	■	■	First Charter Financial (Dec)	9,387,592	1,009,484	533,033	–61,127
19	128	390	214	First Chicago (Dec)	35,876,372	4,402,186	738,213	136,785
51	350	400	246	First City Bancorporation of Texas (Dec)	16,567,101	1,728,761	706,684	120,251
475	■	■	■	First Empire State (Dec)	1,946,894	249,930	69,549	12,747

■ Not on 500 list. [1]Figures include unconsolidated subsidiaries.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
			Share data: 1982						
352,200	78,932	NYSE	DI	2.19	0.80	19⅜	Dallas, Tex	51.0	John V James
3,387,000	236,541	NYSE	DD	3.75	2.40	35⅞	Wilmington, Del	171.1	Edward G Jefferson
657,000	95,949	NYSE	DUK	3.07	2.24	23¼	Charlotte, NC	20.2	William S Lee
178,771	28,152	NYSE	DNB	5.06	2.66	98½	New York, NY	26.0	Harrington Drake
158,760	53,277	NYSE	DQU	1.75	1.90	14¾	Pittsburgh, Pa	4.8	John M Arthur
43,886	14,404	NYSE	ESY	2.42	0.60	50¼	Dallas, Tex	12.0	John W Dixon
162,376	24,818	NYSE	EAL	–3.82	none	8	Miami, Fla	38.5	Frank Borman
125,305	22,706	NYSE	EFU	2.91	1.20	21⅜	Boston, Mass	9.1	William J Pruyn
1,945,000	165,500	NYSE	EK	7.12	3.50	86	Rochester, NY	136.5	Walter A Fallon
117,233	28,772	NYSE	ETN	–6.74	1.72	32	Cleveland, Ohio	44.6	E Mandell de Windt
108,148	37,359	NYSE	ECK	1.90	0.93	24⅝	Largo, Fla	29.3	Stewart Turley
44,723	29,544	NYSE	EGG	1.38	0.32	28¼	Wellesley, Mass	18.1	Bernard J O'Keefe
332,733	49,910	NYSE	ELG	1.08	1.48	22¾	Houston, Tex	8.2	Travis H Petty
70,799	31,282	NASDAQ	ELPA	2.30	1.31	12¼	El Paso, Tex	1.1	Evern R Wall
58,306	28,923	NYSE	EDS	1.72	0.62	45	Dallas, Tex	11.6	Morton H Meyerson
402,396	68,565	NYSE	EMR	4.37	2.03	60½	St Louis, Mo	52.7	Charles F Knight
122,200	12,374	NYSE	EMH	6.53	2.45	45½	Farmington, Conn	30.0	T Mitchell Ford
102,353	26,857	NYSE	EC	2.41	0.56	32¼	Edison, NJ	7.0	Irving D Isko
401,015	50,428	NYSE	ENS	2.70	1.60	19	Dallas, Tex	2.0	William C McCord
221,741	21,657	NYSE	ETX	2.25	1.04	18¾	Houston, Tex	5.0	Jackson C Hinds
19,078	4,653	NYSE	EQK	0.54	none	6¼	Pittsburgh, Pa	2.3	William E Bierer
23,020	3,600	NASDAQ	EBNC	2.92	0.82	25¾	Baltimore, Md	2.7	H Grant Hathaway
205,515	14,641	NYSE	ESM	6.79	1.47	57⅞	Chicago, Ill	30.7	Donald P Kelly
170,597	37,092	NYSE	EY	2.32	0.75	14¾	Richmond, Va	14.3	Floyd D Gottwald Jr
–49,171	12,363	NYSE	EVY	–5.64	0.25	8⅜	Portland, Ore	14.7	Monford A Orloff
78,523	14,195	NYSE	XLO	3.25	1.54	26	Troy, Mich	14.1	E Paul Casey
10,156,211	866,086	NYSE	XON	4.82	3.00	29¾	New York, NY	173.0	Clifton C Garvin Jr
12,107	8,149	NASDAQ	FHFC	0.46	none	4¼	Milwaukee, Wisc	4.9	Richard Y Fisher
212,387	33,952	NASDAQ	FGRP	3.73	1.24	35⅛	Los Angeles, Cal	11.9	Richard G Lindsley
42,657	8,193	NYSE	FFF	2.14	1.34	28⅛	Memphis, Tenn	13.0	R Lee Taylor II
156,074	21,872	NYSE	FDX	3.70	none	74⅞	Memphis, Tenn	10.1	Frederick W Smith
–136,906	65,441	NYSE	FNM	–2.20	0.16	24½	Washington, DC	1.1	David O Maxwell
457,097	48,550	NYSE	FDS	4.79	2.05	47⅛	Cincinnati, Ohio	124.6	Howard Goldfeder
40,878	5,174	NASDAQ	FICR	5.47	1.37	25⅛	Philadelphia, Pa	2.9	Raymond J Dempsey
14,942	3,788	NYSE	FDU	0.46	2.80	27⅜	Newark, NJ	2.9	Peter Cartmell
359,119	15,302	NYSE	FIN	2.40	0.45	25⅞	Los Angeles, Cal	1.4	Charles W Knapp
–35,791	4,533	NYSE	FSB	–2.22	none	5⅛	Santa Barbara, Cal	0.8	David L Tilton
3,478	4,212	NYSE	FFI	0.15	none	22⅛	Culver City, Cal	0.6	William J Popejoy
237,000	50,443	NYSE	FIR	0.04	0.60	18½	Akron, Ohio	69.0	John J Nevin
60,427	7,718	NASDAQ	FABC	4.32	1.64	26½	Montgomery, Ala	3.4	Frank A Plummer
23,273	6,465	NASDAQ	FATN	2.53	0.95	14¾	Nashville, Tenn	2.2	Kenneth L Roberts
40,117	6,498	NASDAQ	FMCH	3.76	1.05	20½	Richmond, Va	3.4	C Coleman McGehee
62,726	10,503	NYSE	FAC	3.61	0.91	20⅞	Atlanta, Ga	3.9	Thomas R Williams
205,649	14,847	NASDAQ	FBKS	7.66	2.64	35⅞	Minneapolis, Minn	10.0	George H Dixon
99,845	4,785	NASDAQ	FBOS	17.02	3.00	72½	New York, NY	1.8	Peter T Buchanan
–44,182	29,820	NYSE	FCF	–2.05	0.80	17⅞	Beverly Hills, Cal	2.3	S Mark Taper
295,917	40,729	NYSE	FNB	3.33	1.20	18⅛	Chicago, Ill	11.2	Barry F Sullivan
194,513	32,122	NYSE	FBT	3.52	1.20	22	Houston, Tex	8.3	James A Elkins Jr
19,285	2,868	NASDAQ	FEMP	4.44	0.85	24⅛	Buffalo, NY	2.1	Robert G Wilmers

All share data adjusted for stock splits and stock dividends through May 9, 1983.

The Dimensions of American Business

Where they rank: 1982								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
266	354	■	■	First Executive (Dec)	3,451,218	1,707,330	352,450	26,346
379	■	■	■	First Florida Banks (Dec)	2,501,933	271,503	177,491	25,311
403	■	■	■	First Hawaiian (Dec)	2,384,029	273,076	95,048	19,134
13	121	219	122	First Interstate Bancorp (Dec)	40,884,296	4,607,604	1,280,226	221,242
329	■	■	■	First Kentucky National (Dec)	2,853,198	323,438	160,623	25,597
268	■	■	■	First Maryland Bancorp (Dec)	3,447,013	398,288	102,317	23,981
424	■	■	■	First National Cincinnati (Dec)	2,238,886	245,780	163,125	24,294
186	■	■	■	First National State Bancorp (Dec)	4,867,790	464,534	180,781	34,958
■	465	■	■	First National Supermarkets (Mar)	200,894	1,201,258	42,123	5,070
498	■	■	■	First New Mexico Bankshare (Dec)	1,774,019	206,747	92,379	16,625
244	■	■	■	[15]First of America Bank (Dec)	3,820,043	442,185	80,162	20,718
277	■	■	■	First Oklahoma Bancorporation (Dec)	3,326,347	367,103	166,438	18,532
155	■	■	■	First Pennsylvania (Dec)	5,432,841	636,310	80,580	−26,755
200	■	■	460	First Security (Dec)	4,608,987	531,869	253,050	53,084
272	■	■	■	First Tennessee National (Dec)	3,392,116	391,590	156,095	26,785
132	■	■	■	First Union (Dec)	6,167,985	663,169	263,131	43,076
378	■	■	■	First United Bancorporation (Dec)	2,522,607	309,342	240,372	16,046
462	■	■	■	First Virginia Banks (Dec)	2,016,103	246,693	141,175	25,043
189	■	■	■	First Wisconsin (Dec)	4,836,179	572,776	127,988	29,119
■	444	■	■	Fischbach (Sept)	465,141	1,271,363	165,714	25,743
206	■	■	■	Flagship Banks (Dec)	3,094,966	346,213	187,427	24,519
204	■	■	■	[16]Fleet Financial Group (Dec)	4,535,572	546,823	211,761	39,037
■	169	■	■	Fleming Cos (Dec)	597,917	3,688,011	400,491	29,368
■	429	■	■	Flickinger (July)	182,515	1,337,491	92,055	10,239
263	■	■	■	Florida National Banks of Florida (Dec)	3,498,496	342,025	266,670	21,329
118	226	140	95	Florida Power & Light (Dec)	6,850,559	2,940,833	1,828,088	266,720
322	461	394	337	[17]Florida Progress (Dec)	2,914,856	1,213,671	727,719	82,097
196	64	182	191	Fluor (Oct)	4,700,990	7,335,724	1,529,210	152,799
339	182	277	193	FMC (Dec)	2,765,552	3,498,792	1,038,224	152,395
■	■	410	■	Food Town Stores (Dec)	212,909	947,073	685,256	21,855
32	6	36	■	Ford Motor (Dec)	21,955,600	37,067,200	4,680,822	−657,800
■	125	414	376	Foremost-McKesson (Mar)	1,384,799	4,492,782	672,779	73,537
■	■	220	297	Fort Howard Paper (Dec)	644,696	537,030	1,269,818	92,400
■	369	■	438	Foster Wheeler (Dec)	942,004	1,614,856	445,718	57,164
■	■	245	402	Freeport-McMoran (Dec)	1,657,558	747,888	1,143,253	65,946
■	331	■	■	Fruehauf (Dec)	1,495,092	1,852,353	347,390	−30,391
■	394	67	155	Gannett (Dec)	1,574,140	1,519,514	3,376,113	180,507
343	■	■	■	GATX (Dec)	2,737,700	951,424	306,837	27,600
■	■	315	356	GEICO (Dec)	1,563,799	816,470	879,737	77,483
405	■	■	■	Geico (July)	2,372,855	959,947	246,930	29,575
■	■	489	486	General Cinema (Oct)	592,809	885,935	566,132	48,036
362	78	144	223	General Dynamics (Dec)	2,639,500	6,154,500	1,798,137	132,800
34	14	4	6	General Electric (Dec)	21,615,000	26,500,000	21,615,561	1,817,000
240	53	123	137	General Foods (Mar)	3,860,737	8,351,149	2,054,437	200,207
■	■	179	308	General Instrument (Feb)	772,215	957,059	1,554,837	90,029
352	100	99	115	General Mills (May)	2,701,700	5,312,100	2,464,556	225,500
12	3	5	13	General Motors (Dec)	41,362,600	60,025,600	19,446,716	962,700
167	272	■	■	General Public Utilities (Dec)	5,180,661	2,405,527	413,532	33,734
192	400	85	131	General Re (Dec)	4,741,300	1,497,700	2,871,045	206,600

■ Not on 500 list.

[15]Formerly First American Bank.
[16]Formerly Industrial National.
[17]Formerly Florida Power.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
			Share data: 1982						
1,396,222	25,175	NASDAQ	FEXC	1.05	none	14	Beverly Hills, Cal	0.4	Fred Carr
39,065	15,268	NASDAQ	FFBK	1.67	0.36	11⅜	Tampa, Fla	2.5	A Bronson Thayer
30,906	3,335	NASDAQ	FHWN	5.73	2.40	28½	Honolulu, Haw	2.1	John D Bellinger
447,985	40,804	NYSE	I	5.35	2.12	31⅜	Los Angeles, Cal	31.9	Joseph J Pinola
40,988	5,949	NASDAQ	FKYN	4.30	1.61	27	Louisville, Ky	2.7	A Stevens Miles
38,007	5,247	NASDAQ	FMDB	4.50	1.40	19½	Baltimore, Md	3.3	J Owen Cole
33,204	4,500	NASDAQ	FNAC	5.40	2.40	36¼	Cincinnati, Ohio	1.6	William N Liggett
50,272	5,785	NYSE	FNS	6.59	2.25	31¼	Newark, NJ	3.8	Robert R Ferguson Jr
15,032	2,905	NASDAQ	FOOD	1.58	0.02	14½	Maple Heights, Ohio	13.3	Richard J Bogomolny
26,140	4,452	NASDAQ	FNMB	3.74	1.04	20¾	Albuquerque, NM	1.8	George S Jenks
28,554	4,304	NASDAQ	FABK	4.13	1.32	18¾	Kalamazoo, Mich	4.2	James H Duncan
52,074	9,719	NASDAQ	FOKL	1.87	0.60	17⅛	Oklahoma City, Okla	1.5	Charles A Vose Jr
12,724	16,116	NYSE	FPA	–1.66	none	5	Philadelphia, Pa	3.7	George A Butler
91,170	12,050	NASDAQ	FSCO	4.42	1.10	21	Salt Lake City, Utah	4.5	Spencer F Eccles
42,935	9,049	NASDAQ	FTEN	2.90	1.08	17¼	Memphis, Tenn	3.2	Ronald A Terry
68,149	10,072	NASDAQ	FUNC	4.31	1.18	26⅛	Charlotte, NC	4.8	C Clifford Cameron
39,853	5,463	NASDAQ	FBFW	2.94	1.28	44	Fort Worth, Tex	1.7	Paul W Mason
37,218	12,411	NYSE	FVB	2.00	0.62	11⅜	Falls Church, Va	3.1	Thomas K Malone Jr
53,539	4,231	NYSE	FWB	6.87	2.08	30¼	Milwaukee, Wisc	4.3	Hal C Knehl
38,060	3,408	NYSE	FIS	7.59	2.10	48⅜	New York, NY	13.0	Alfred R Manville
36,482	8,149	NASDAQ	FLAG	4.78	1.10	23	Miami, Fla	3.8	Philip F Searle
70,162	6,138	NYSE	FLT	6.28	2.00	34½	Providence, RI	3.7	J Terrence Murray
49,161	17,604	NYSE	FLM	1.98	0.64	22¾	Oklahoma City, Okla	10.2	Richard D Harrison
17,428	3,230	NASDAQ	FLIC	3.15	0.84	28½	West Seneca, NY	6.7	Jerry D Metcalf
40,597	8,889	NASDAQ	FNBF	2.28	0.84	30	Jacksonville, Fla	3.8	George C Whitner
652,663	50,430	NYSE	FPL	4.77	3.28	36¼	Miami, Fla	12.3	John J Hudiburg
241,381	38,301	NYSE	FDP	2.20	1.83	19	St Petersburg, Fla	4.7	Andrew H Hines Jr
377,121	78,421	NYSE	FLR	1.94	0.80	19½	Irvine, Cal	43.6	J Robert Fluor
320,124	32,193	NYSE	FMC	4.56	1.65	32¼	Chicago, Ill	36.4	Robert H Malott
34,442	26,105	NASDAQ	FDTN	0.84	0.08	26¼	Salisbury, NC	7.6	Ralph W Ketner
1,396,500	120,407	NYSE	F	–5.46	none	38⅞	Dearborn, Mich	379.2	Philip Caldwell
116,782	16,715	NYSE	FOR	4.59	2.32	40¼	San Francisco, Cal	16.7	Thomas E Drohan
136,981	26,733	NYSE	FHP	3.43	1.08	47½	Green Bay, Wisc	4.2	Paul J Schierl
62,028	34,286	NYSE	FWC	1.67	0.44	13	Livingston, NJ	15.9	Louis E Azzato
343,484	69,817	NYSE	FTX	0.95	0.60	16⅜	New York, NY	5.1	Paul W Douglas
43,483	12,297	NYSE	FTR	–2.47	1.15	28¼	Detroit, Mich	24.6	Robert D Rowan
270,370	53,272	NYSE	GCI	3.39	1.72	63⅜	Rochester, NY	25.5	Allen H Neuharth
145,800	11,916	NYSE	GMT	2.22	2.40	25⅜	Chicago, Ill	8.7	James J Glasser
76,165	20,459	NYSE	GEC	3.67	0.56	43	Washington, DC	4.0	John J Byrne
260,907	11,829	NYSE	GEL	2.51	1.12	20⅞	Eden Prairie, Minn	8.4	N Bud Grossman
88,235	19,438	NYSE	GCN	2.38	0.49	29⅛	Chestnut Hill, Mass	13.5	Richard A Smith
385,100	54,489	NYSE	GD	2.41	0.72	33	St Louis, Mo	79.8	David S Lewis
2,934,000	227,832	NYSE	GE	8.00	3.30	94⅞	Fairfield, Conn	367.0	John F Welch Jr
537,173	51,847	NYSE	GF	4.05	2.25	39⅜	White Plains, NY	58.5	James L Ferguson
145,959	31,253	NYSE	GRL	3.01	0.44	49¼	New York, NY	26.6	Frank G Hickey
367,300	50,555	NYSE	GIS	4.46	1.74	48¾	Minneapolis, Minn	73.6	H Brewster Atwater Jr
5,589,000	311,771	NYSE	GM	3.09	3.40	62⅜	Detroit, Mich	657.0	Roger B Smith
310,883	61,264	NYSE	GPU	0.55	none	6⅜	Parsippany, NJ	12.2	William G Kuhns
322,000	45,036	NYSE	GRN	4.66	1.08	63¾	Greenwich, Conn	2.4	Harold J Hudson Jr

All share data adjusted for stock splits and stock dividends through May 9, 1983.

The Dimensions of American Business

Where they rank: 1982								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
■	366	225	264	General Signal (Dec)	1,221,580	1,622,136	1,259,193	107,775
■	309	401	■	General Tire & Rubber (Nov)	1,741,548	2,061,659	705,979	19,436
■	324	160	283	Genuine Parts (Dec)	783,580	1,936,524	1,635,788	100,167
169	98	92	468	Georgia-Pacific (Dec)	5,150,000	5,402,000	2,660,070	52,000
68	30	49	25	[1]Getty Oil (Dec)	11,404,245	12,761,646	3,837,902	688,685
■	332	■	■	Giant Food (Feb)	451,171	1,852,134	246,746	37,213
188	■	■	■	Gibraltar Financial Corp of Calif (Dec)	4,846,693	546,422	138,023	–26,699
249	■	■	■	Gibraltar Savings Association (Sept)	3,748,169	410,564	85,176	–22,735
■	292	205	219	Gillette (Dec)	1,667,230	2,238,979	1,369,530	135,100
■	■	■	325	Global Marine (Dec)	1,344,811	455,708	290,848	84,942
108	■	■	■	Golden West Financial (Dec)	7,268,692	799,289	321,641	–19,848
406	214	487	■	B F Goodrich (Dec)	2,371,049	3,005,328	567,071	–32,820
166	51	95	103	Goodyear Tire & Rubber (Dec)	5,193,547	8,688,672	2,594,970	247,574
■	361	161	296	Gould (Dec)	1,594,200	1,651,400	1,632,750	92,800
184	79	137	70	W R Grace (Dec)	4,915,665	6,127,553	1,848,063	319,489
■	■	369	475	W W Grainger (Dec)	520,371	803,228	767,511	50,110
■	120	■	■	Great Atlantic & Pacific Tea (Feb)	1,093,411	4,607,817	308,591	21,361
■	411	475	351	Great Northern Nekoosa (Dec)	1,481,832	1,429,654	584,655	78,458
59	424	374	■	Great Western Financial (Dec)	12,674,994	1,387,146	760,395	–74,664
223	110	379	271	[1]Greyhound (Dec)	4,056,623	4,993,891	750,806	106,153
■	316	485	■	Grumman (Dec)	999,234	2,003,244	568,192	25,497
31	31	21	17	[19]GTE (Dec)	22,293,550	12,066,410	7,490,543	835,626
69	73	218	167	[1]Gulf & Western Industries (July)	10,901,989	6,423,300	1,286,601	168,602
38	11	32	14	Gulf Oil (Dec)	20,436,000	28,427,000	5,149,785	900,000
246	433	289	169	Gulf States Utilities (Dec)	3,806,111	1,307,259	990,419	165,979
286	466	365	291	Gulf United (Dec)	3,248,439	1,197,561	774,937	94,764
149	66	43	37	Halliburton (Dec)	5,581,504	7,281,793	4,177,080	496,845
■	422	■	■	Hammermill Paper (Dec)	993,691	1,395,950	266,000	30,262
112	■	■	■	Harris Bankcorp (Dec)	7,136,793	917,931	216,641	35,783
■	351	241	366	Harris Corp (June)	1,417,866	1,719,028	1,164,649	75,550
218	■	■	■	Hartford National (Dec)	4,127,897	389,600	151,900	24,515
■	■	■	500	G Heileman Brewing (Dec)	502,046	870,841	522,901	45,654
441	168	133	144	H J Heinz (Apr)	2,129,570	3,688,500	1,912,887	192,802
121	■	■	■	Walter E Heller International (Dec)	6,647,218	886,125	275,494	16,360
■	■	■	365	Helmerich & Payne (Sept)	616,184	338,157	490,484	75,690
469	262	227	316	Hercules (Dec)	2,001,354	2,468,971	1,232,462	86,861
■	384	313	293	Hershey Foods (Dec)	888,071	1,565,736	883,340	94,168
265	136	15	54	Hewlett-Packard (Oct)	3,470,000	4,254,000	9,160,989	383,000
■	■	237	331	Hilton Hotels (Dec)	938,321	599,519	1,193,841	83,373
■	415	207	364	Holiday Inns (Dec)	1,708,007	1,425,298	1,361,791	75,980
■	■	291	■	Homestake Mining (Dec)	382,397	172,151	972,126	17,278
208	97	132	93	Honeywell (Dec)	4,470,900	5,490,400	1,940,403	271,300
■	414	■	■	George A Hormel (Oct)	488,859	1,426,596	270,197	28,051
258	218	62	163	Hospital Corp of America (Dec)	3,601,143	2,976,912	3,423,863	171,935
480	■	■	■	Hospital Trust (Dec)	1,929,892	240,149	60,477	6,535
90	57	256	237	Household International (Dec)	8,235,100	7,767,500	1,101,552	125,400
148	160	170	235	Houston Industries (Dec)	5,672,036	3,838,346	1,603,580	126,195
364	204	194	96	Houston Natural Gas (July)	2,634,507	3,180,718	1,457,814	262,741
409	373	230	199	Hughes Tool (Dec)	2,360,946	1,595,945	1,221,366	147,599

■ Not on 500 list.

[1]Figures include unconsolidated subsidiaries.
[18]Office jointly held with Marion O. Sandler.
[19]Formerly General Telephone & Electronics.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
	Share data: 1982								
153,168	28,060	NYSE	GSX	3.85	1.60	44⅞	Stamford, Conn	24.8	Nathan R Owen
129,689	24,514	NYSE	GY	0.80	1.46	28⅛	Akron, Ohio	34.0	Michael G O'Neil
115,114	36,150	NYSE	GPC	2.77	1.26	45¼	Atlanta, Ga	12.2	Wilton Looney
413,000	101,336	NYSE	GP	0.48	1.05	26¼	Atlanta, Ga	44.0	T Marshall Hahn Jr
2,020,316	79,132	NYSE	GET	8.57	2.55	48½	Los Angeles, Cal	19.4	Sidney R Petersen
60,748	14,622	ASE	GFS A	2.53	0.43	16⅞	Washington, DC	14.8	Israel Cohen
204,486	13,977	NYSE	GFC	–1.91	none	9⅞	Beverly Hills, Cal	1.3	Herbert J Young
182,558	7,098	NASDAQ	GSTX	–3.20	none	12	Houston, Tex	0.6	E Michael Lallinger
239,989	30,434	NYSE	GS	4.45	2.20	45	Boston, Mass	31.3	Colman M Mockler Jr
203,564	31,443	NYSE	GLM	2.71	0.22	9¼	Houston, Tex	2.7	C Russell Luigs
–15,518	20,585	NYSE	GDW	–0.97	0.02	15⅝	Oakland, Cal	1.7	[18]Herbert M Sandler
48,300	17,652	NYSE	GR	–2.43	1.56	32⅛	Akron, Ohio	31.9	John D Ong
526,500	74,142	NYSE	GT	3.35	1.40	35	Akron, Ohio	131.1	Robert E Mercer
162,900	43,540	NYSE	GLD	2.15	1.72	37½	Rolling Meadows, Ill	25.0	William T Ylvisaker
602,587	48,158	NYSE	GRA	6.62	2.70	38⅜	New York, NY	85.6	J Peter Grace
78,072	14,346	NYSE	GWW	3.50	1.14	53½	Skokie, Ill	5.7	David W Grainger
85,475	37,405	NYSE	GAP	0.57	none	8¼	Montvale, NJ	42.5	James Wood
179,537	16,297	NYSE	GNN	4.82	2.00	35⅞	Stamford, Conn	12.2	Robert Hellendale
–35,103	27,777	NYSE	GWF	–2.68	0.52	27⅜	Beverly Hills, Cal	3.2	James F Montgomery
245,868	43,525	NYSE	G	2.41	1.20	17¼	Phoenix, Ariz	47.2	John W Teets
69,203	11,776	NYSE	GQ	1.79	1.45	48¼	Bethpage, NY	28.0	John C Bierwirth
2,642,823	180,495	NYSE	GTE	4.70	2.86	41½	Stamford, Conn	200.0	Theodore F Brophy
68,859	76,812	NYSE	GW	2.17	0.75	16¼	New York, NY	114.5	Martin S Davis
2,979,000	173,102	NYSE	GO	4.98	2.80	29¾	Pittsburgh, Pa	55.0	James E Lee
246,039	74,050	NYSE	GSU	1.95	1.56	13⅜	Beaumont, Tex	4.7	Paul W Murrill
247,189	28,052	NYSE	GHC	3.11	1.32	27⅝	Jacksonville, Fla	3.8	E Grant Fitts
972,729	118,080	NYSE	HAL	4.21	1.60	35⅜	Dallas, Tex	96.5	John P Harbin
100,584	8,512	NYSE	HML	3.07	1.84	31¼	Erie, Pa	12.3	Albert F Duval
60,087	6,615	NYSE	HBC	5.42	2.20	32¾	Chicago, Ill	3.8	Charles M Bliss
182,608	31,477	NYSE	HRS	2.42	0.88	37	Melbourne, Fla	26.1	Joseph A Boyd
38,153	5,600	NASDAQ	HNAT	4.46	1.85	27⅛	Hartford, Conn	3.7	Robert L Newell
80,283	13,238	NYSE	GHB	3.45	0.80	39½	La Crosse, Wisc	5.7	Russell G Cleary
253,208	47,378	NYSE	HNZ	4.10	1.48	40⅜	Pittsburgh, Pa	42.0	Anthony J F O'Reilly
137,931	11,978	NYSE	HLR	1.34	1.30	23	Chicago, Ill	4.9	Franklin A Cole
126,478	25,153	NYSE	HP	2.98	0.29	19½	Tulsa, Okla	1.5	Walter H Helmerich III
182,727	44,614	NYSE	HPC	1.97	1.32	27⅜	Wilmington, Del	22.2	Alexander F Giacco
138,613	15,669	NYSE	HSY	6.01	2.00	56⅜	Hershey, Pa	13.0	William E C Dearden
640,000	125,493	NYSE	HWP	3.05	0.24	73	Palo Alto, Cal	66.0	John A Young
130,862	26,678	NYSE	HLT	3.12	1.80	44⅛	Beverly Hills, Cal	32.5	Barron Hilton
338,701	37,182	NYSE	HIA	1.94	0.79	36⅛	Memphis, Tenn	42.7	Michael D Rose
33,566	35,110	NYSE	HM	0.51	0.20	27⅛	San Francisco, Cal	2.6	Harry M Conger
579,200	22,728	NYSE	HON	2.09	3.50	85⅛	Minneapolis, Minn	95.5	Edson W Spencer
62,909	9,607	ASE	HRL	2.92	0.96	28⅛	Austin, Minn	7.4	Richard L Knowlton
388,184	82,253	NYSE	HCA	2.25	0.32	41⅛	Nashville, Tenn	80.0	Thomas F Frist Jr
22,849	2,122	NASDAQ	HTCO	3.18	2.32	28½	Providence, RI	1.9	Henry S Woodbridge Jr
442,500	47,894	NYSE	HI	2.06	1.65	23	Prospect Heights, Ill	86.0	Donald C Clark
604,562	80,179	NYSE	HOU	1.62	2.16	20	Houston, Tex	10.1	Don D Jordan
438,683	40,778	NYSE	HNG	6.46	1.65	35¾	Houston, Tex	11.8	M D Matthews
297,529	55,203	NYSE	HT	2.65	0.80	22⅛	Houston, Tex	17.5	James R Lesch

All share data adjusted for stock splits and stock dividends through May 9, 1983.

The Dimensions of American Business

Where they rank: 1982				Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
Assets	Sales	Market value	Net profits					
500	396	88	232	Humana (Aug)	1,745,170	1,516,311	2,685,601	127,146
165	■	■	■	Huntington Bancshares (Dec)	5,244,858	438,454	139,075	29,297
104	372	417	340	E F Hutton Group (Dec)	7,364,740	1,596,487	666,090	31,082
229	159	■	490	IC Industries (Dec)	3,952,400	3,861,700	474,250	47 600
■	■	■	345	Idaho Power (Dec)	1,438,372	367,794	454,020	80,106
307	498	253	184	Illinois Power (Dec)	3,092,522	1,106,775	1,112,878	156,395
163	■	■	■	Imperial Corp of America (Dec)	5,271,257	549,170	184,548	–61,091
351	■	■	■	Indiana National (Dec)	2,702,229	305,440	87,544	18,905
■	■	■	430	Indianapolis Power & Light (Dec)	1,185,167	397,594	412,594	58,548
490	■	■	■	Industrial Valley Bank & Trust (Dec)	1,841,597	227,279	60,584	10,035
399	240	361	466	Ingersoll-Rand (Dec)	2,402,718	2,774,725	783,009	52,271
366	238	471	■	Inland Steel (Dec)	2,628,750	2,807,602	588,874	–133,108
■	■	149	■	Intel (Dec)	1,056,452	899,812	1,757,778	30,046
■	255	314	323	Interco (Feb)	1,554,975	2,566,606	879,986	85,762
36	269	224	129	InterFirst (Dec)	21,030,401	2,416,217	1,260,636	206,820
20	7	1	2	International Business Machines (Dec)	32,541,000	34,364,000	57,981,578	4,409,000
■	■	286	413	International Flavors & Fragrances (Dec)	431,589	447,889	1,009,970	63,160
252	134	■	■	International Harvester (Oct)	3,698,784	4,292,304	137,241	–1,660,016
477	386	324	212	International Minerals & Chemical (June)	1,941,900	1,560,400	852,084	137,400
■	481	■	■	International Multifoods (Feb)	480,585	1,147,659	247,56[illegible]	33,153
150	150	103	173	International Paper (Dec)	5,566,200	4,015,200	2,387,887	160,800
22	16	44	26	[1]International Tel & Tel (Dec)	29,171,858	21,921,779	4,161,625	685,065
228	142	239	220	InterNorth (Dec)	3,954,058	4,158,986	1,182,671	135,066
278	■	■	■	[20]IntraWest Financial (Dec)	3,314,069	400,169	159,180	–11,916
■	■	■	451	Iowa-Illinois Gas & Electric (Dec)	1,033,781	474,633	256,432	54,497
41	286	■	341	Irving Bank (Dec)	19,514,285	2,276,830	358,240	81,014
■	308	■	■	IU International (Dec)	1,281,838	2,070,093	342,909	33,367
302	■	450	322	Jefferson-Pilot (Dec)	3,130,460	923,218	632,687	86,112
■	91	477	312	Jewel Cos (Jan)	1,474,805	5,571,721	581,350	88,109
375	326	461	■	Jim Walter (Aug)	2,562,799	1,925,161	609,866	6,131
214	87	14	34	Johnson & Johnson (Dec)	4,209,600	5,760,900	9,385,427	523,400
■	450	■	455	Johnson Controls (Sept)	861,204	1,251,522	466,632	53,839
■	■	■	330	Joy Manufacturing (Sept)	847,914	1,080,845	463,570	83,708
106	22	87	97	K mart (Jan)	7,343,665	16,772,166	2,738,868	261,823
256	230	428	■	Kaiser Aluminum & Chemical (Dec)	3,644,400	2,911,500	652,069	–115,000
■	■	■	409	Kaneb Services (Dec)	877,505	595,617	356,820	64,172
496	■	■	342	Kansas City Power & Light (Dec)	1,792,227	485,629	450,827	80,941
■	■	■	326	Kansas Gas & Electric (Dec)	1,515,517	350,937	485,339	84,663
■	■	■	411	Kansas Power & Light (Dec)	1,227,153	481,519	382,840	64,135
■	277	125	113	Kellogg (Dec)	1,297,354	2,367,115	2,035,428	227,789
131	319	■	369	Kemper (Dec)	6,174,213	1,985,097	542,354	74,982
■	■	■	452	Kentucky Utilities (Dec)	1,248,138	476,783	354,047	54,485
247	163	185	126	Kerr-McGee (Dec)	3,762,618	3,777,190	1,517,195	209,764
337	■	■	■	Key Banks (Dec)	2,794,718	293,460	116,849	25,929
■	■	397	■	Key Pharmaceuticals (Dec)	61,989	82,314	723,156	12,306
484	248	■	329	Kidde (Dec)	1,908,688	2,655,335	469,342	84,210
357	224	158	138	Kimberly-Clark (Dec)	2,663,600	2,946,100	1,660,710	197,400
■	430	167	281	Knight-Ridder Newspapers (Dec)	1,051,286	1,327,657	1,614,542	102,931
■	380	■	■	Koppers (Dec)	1,192,924	1,585,206	446,576	–38,532

■ Not on 500 list.

[1]Figures include unconsolidated subsidiaries.

[20]Formerly First National Bancorp.

A Summary of the 500's Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
	Share data: 1982								
226,669	79,571	NYSE	HUM	1.61	0.45	33⅞	Louisville, Ky	39.8	David A Jones
45,779	5,563	NASDAQ	HBAN	5.27	1.38	25	Columbus, Ohio	3.8	Frank Wobst
173,511	22,203	NYSE	EFH	3.46	0.64	30	New York, NY	12.6	Robert Fomon
189,900	13,550	NYSE	ICX	2.03	2.24	35	Chicago, Ill	47.6	William B Johnson
164,534	15,792	NYSE	IDA	4.71	2.76	28¾	Boise, Ida	1.6	James E Bruce
186,083	46,858	NYSE	IPC	3.04	2.48	23¾	Decatur, Ill	4.0	Wendell J Kelley
–55,125	14,196	NYSE	ICA	–4.30	none	13	San Diego, Cal	1.6	Matthew J Shevlin
34,768	5,075	NASDAQ	INAT	3.75	1.20	17¼	Indianapolis, Ind	2.2	Thomas M Miller
99,224	15,869	NYSE	IPL	3.41	2.55	26	Indianapolis, Ind	2.2	Zane G Todd
23,427	2,851	NASDAQ	IBKT	2.70	2.20	21¼	Jenkintown, Pa	1.8	Joseph A Gallagher
129,394	19,823	NYSE	IR	2.35	3.32	39½	Woodcliff Lake, NJ	41.1	Thomas A Holmes
–65,801	22,649	NYSE	IAD	–6.27	1.13	26	Chicago, Ill	31.0	Frank W Luerssen
135,570	45,362	NASDAQ	INTC	0.65	none	38¾	Santa Clara, Cal	18.1	Gordon E Moore
136,896	14,42[illegible]	NYSE	ISS	5.24	2.88	61	St Louis, Mo	52.8	John K Riedy
322,000	54,514	NYSE	IFC	3.80	1.18	23⅛	Dallas, Tex	8.5	Elvis L Mason
9,698,000	602,406	NYSE	IBM	7.39	3.44	96⅛	Armonk, NY	359.9	John R Opel
78,061	36,560	NYSE	IFF	1.73	1.01	27⅝	New York, NY	3.6	Henry G Walter Jr
–607,005	32,292	NYSE	HR	–52.07	none	4¼	Chicago, Ill	54.5	Donald D Lennox
279,000	26,524	NYSE	IGL	5.13	2.60	32⅛	Northbrook, Ill	9.5	Richard A Lenon
44,925	8,117	NYSE	IMC	4.07	1.54	30½	Minneapolis, Minn	7.8	William G Phillips
351,200	49,362	NYSE	IP	2.72	2.40	48⅜	New York, NY	34.9	Edwin A Gee
2,431,916	133,172	NYSE	ITT	4.63	2.68	31⅛	New York, NY	303.5	Rand V Araskog
459,215	44,212	NYSE	INI	3.01	2.12	26¾	Omaha, Neb	10.8	Sam F Segnar
63,547	5,685	NASDAQ	INTW	–2.11	1.40	28	Denver, Colo	2.8	Theodore D Brown
101,720	11,656	NYSE	IWG	3.95	2.36	22	Daveaport, Iowa	1.6	Dean R Stichnoth
129,429	8,711	NYSE	V	9.13	3.36	41⅛	New York, NY	9.7	Gordon T Wallis
111,319	20,941	NYSE	IU	1.44	1.13	16⅜	Wilmington, Del	35.0	John Gilray Christy
135,545	21,447	NYSE	JP	4.02	1.64	29½	Greensboro, NC	6.0	W Roger Soles
161,824	11,627	NYSE	JWL	6.82	2.42	50	Chicago, Ill	37.2	Weston R Christopherson
6,405	16,595	NYSE	JWC	0.29	1.00	36¾	Tampa, Fla	20.9	James W Walter
768,100	189,127	NYSE	JNJ	2.79	0.97	49⅝	New Brunswick, NJ	78.4	James E Burke
107,319	13,191	NYSE	JCI	3.83	1.43	35⅜	Milwaukee, Wisc	20.3	Fred L Brengel
124,527	19,622	NYSE	JOY	4.27	1.40	23⅜	Pittsburgh, Pa	11.9	Alexander W Calder
576,700	124,494	NYSE	KM	2.06	0.99	22	Troy, Mich	245.0	Bernard M Fauber
14,000	43,112	NYSE	KLU	–2.68	0.80	15⅛	Oakland, Cal	20.7	Cornell C Maier
144,697	23,788	NYSE	KAB	2.62	1.00	15	Houston, Tex	5.4	Michael G Shoup
86,416	16,246	NYSE	KLT	4.18	3.01	27¾	Kansas City, Mo	2.7	Arthur J Doyle
54,934	26,413	NYSE	KGE	3.00	2.15	18⅜	Wichita, Kan	1.8	Wilson K Cadman
107,292	15,869	NYSE	KAN	3.60	2.35	24½	Topeka, Kan	2.3	William E Wall
310,797	76,448	NYSE	K	2.98	1.53	26⅝	Battle Creek, Mich	19.3	William E Lamothe
411,330	14,367	NASDAQ	KEMC	5.30	1.80	37⅛	Long Grove, Ill	14.1	Joseph E Luecke
115,609	16,278	NYSE	KU	2.78	2.20	21¾	Lexington, Ky	1.9	William B Bechanan
583,479	52,772	NYSE	KMG	3.98	1.10	28¾	Oklahoma City, Okla	10.5	Dean A McGee
37,430	7,419	NASDAQ	KEYB	3.50	1.32	15¾	Albany, NY	3.0	Victor J Riley Jr
14,976	23,141	ASE	KPH	0.51	0.08	31¼	Miami, Fla	0.8	Michael Jaharis Jr
140,788	19,972	NYSE	KDE	4.02	1.10	23½	Clifton, NJ	45.0	Fred R Sullivan
293,700	22,480	NYSE	KMB	8.83	3.90	73⅞	Neenah, Wisc	32.1	Darwin E Smith
161,885	32,617	NYSE	KRN	3.14	0.92	49½	Miami, Fla	19.7	Alvah H Chapman Jr
106,199	27,911	NYSE	KOP	–1.67	1.40	16	Pittsburgh, Pa	17.3	Charles R Pullin

All share data adjusted for stock splits and stock dividends through May 9, 1983.

The Dimensions of American Business

Where they rank: 1982				Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
Assets	Sales	Market value	Net profits					
346	33	255	203	Kroger (Dec)	2,729,559	11,901,892	1,102,461	143,758
■	403	480	379	Lear Siegler (June)	909,697	1,487,505	574,880	72,295
■	254	172	234	Levi Strauss (Nov)	1,620,869	2,572,172	1,601,215	126,575
412	■	■	■	Liberty National (Dec)	2,346,266	281,664	129,204	19,723
299	221	42	49	Eli Lilly (Dec)	3,155,125	2,962,711	4,360,570	411,828
■	■	405	■	Limited (Jan)	320,392	721,394	700,800	33,592
234	■	■	■	Lincoln First Banks (Dec)	3,891,904	446,094	120,996	24,022
80	192	300	243	Lincoln National (Dec)	9,953,479	3,336,823	940,063	121,314
243	111	122	72	Litton Industries (July)	3,836,838	4,941,820	2,055,326	314,960
383	90	212	128	Lockheed (Dec)	2,464,400	5,613,000	1,317,328	207,300
73	127	168	123	Loews (Dec)	10,402,247	4,480,838	1,612,223	221,023
157	364	150	77	Long Island Lighting (Dec)	5,349,725	1,633,517	1,722,313	309,394
■	489	■	■	Longs Drug Stores (Jan)	287,402	1,123,234	377,304	30,890
■	470	350	361	Louisiana Land & Exploration (Dec)	1,682,000	1,182,000	802,412	76,300
■	■	305	■	Louisiana-Pacific (Dec)	1,241,790	872,190	922,319	–16,650
■	■	407	■	Lowe's Companies (Jan)	393,500	1,034,032	692,514	25,131
226	116	■	■	LTV (Dec)	4,023,200	4,776,800	557,603	–154,900
■	■	393	491	Lubrizol (Dec)	643,744	812,247	734,906	47,561
■	56	312	298	Lucky Stores (Jan)	1,609,000	7,972,973	885,483	92,228
■	■	299	■	M /A-Com (Sept)	566,387	587,646	941,072	30,812
■	217	126	217	R H Macy (July)	1,619,135	2,979,391	2,033,147	135,571
■	300	■	■	Malone & Hyde (June)	411,431	2,192,868	376,794	27,759
6	59	195	83	Manufacturers Hanover (Dec)	64,040,552	7,639,780	1,454,461	294,925
162	■	■	■	Manufacturers National (Dec)	5,284,228	607,110	124,863	22,874
426	345	■	■	Manville (Dec)	2,236,104	1,772,229	245,898	–97,584
■	317	430	373	MAPCO (Dec)	1,723,025	1,992,947	649,517	73,822
413	■	■	■	Marine (Dec)	2,340,873	271,861	57,718	14,665
40	271	■	315	Marine Midland Banks (Dec)	20,238,764	2,412,318	359,044	86,972
451	257	180	292	Marriott (Dec)	2,062,648	2,541,353	1,553,468	94,342
■	■	196	245	Marsh & McLennan Cos (Dec)	837,265	924,294	1,443,131	120,413
326	■	■	■	Marshall & Ilsley (Dec)	2,871,637	324,100	144,854	26,290
331	178	387	300	Martin Marietta (Dec)	2,837,826	3,526,506	740,119	91,642
■	■	392	■	Mary Kay Cosmetics (Dec)	152,457	304,275	735,459	35,372
178	■	■	■	Maryland National (Dec)	5,055,299	543,831	180,880	40,836
■	■	184	355	Masco (Dec)	1,222,159	855,740	1,522,461	77,640
■	428	■	■	Mattel (Jan)	756,963	1,341,914	297,787	42,390
368	170	208	206	May Department Stores (Jan)	2,625,173	3,670,371	1,361,300	141,656
■	378	154	159	MCA (Dec)	1,641,134	1,587,618	1,689,755	176,198
283	244	58	81	McDonald's (Dec)	3,262,811	2,715,218	3,617,610	300,644
198	65	165	125	McDonnell Douglas (Dec)	4,621,800	7,331,300	1,617,924	214,700
■	289	436	470	McGraw-Edison (Dec)	1,622,908	2,259,909	644,799	51,467
■	469	136	260	McGraw-Hill (Dec)	945,396	1,193,587	1,876,058	110,018
■	■	48	321	MCI Communications (Mar)	860,398	506,352	3,917,151	86,451
425	247	■	■	Mead (Dec)	2,238,521	2,666,500	499,369	–61,784
■	■	329	492	Medtronic (Apr)	374,949	335,468	844,969	47,431
39	280	383	221	Mellon National (Dec)	20,294,405	2,354,946	746,251	134,372
■	196	138	204	Melville (Dec)	1,246,614	3,261,649	1,843,038	142,124
147	■	■	■	Mercantile Bancorporation (Dec)	5,691,332	602,665	188,585	41,704
■	413	411	391	Mercantile Stores (Jan)	780,277	1,428,385	682,462	69,941

■ Not on 500 list.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Share data: 1982 Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
290,777	27,999	NYSE	KR	4.84	1.76	39⅜	Cincinnati, Ohio	129.6	Lyle Everingham
103,389	16,484	NYSE	LSI	4.36	1.48	34⅞	Santa Monica, Cal	23.0	Robert T Campion
177,751	41,590	NYSE	LVI	3.05	1.65	38½	San Francisco, Cal	46.5	Robert T Grohman
35,784	9,312	NASDAQ	LIBN	2.09	0.75	13⅞	Oklahoma City, Okla	1.1	John W McLean
531,222	75,836	NYSE	LLY	5.42	2.68	57½	Indianapolis, Ind	29.0	Richard D Wood
66,423	29,200	NYSE	LTD	1.15	0.15	24	Columbus, Ohio	10.5	Leslie H Wexner
42,559	3,361	NASDAQ	LFBK	6.61	2.00	36	Rochester, NY	3.2	Alexander D Hargrave
1,115,957	21,007	NYSE	LNC	5.59	3.00	44¾	Fort Wayne, Ind	12.7	Ian M Rolland
577,340	41,004	NYSE	LIT	7.54	1.47	50⅛	Beverly Hills, Cal	75.9	Fred W O'Green
304,300	17,984	NYSE	LK	10.96	none	73¼	Burbank, Cal	70.8	Roy A Anderson
628,404	11,235	NYSE	LTR	18.53	1.20	143½	New York, NY	27.2	Laurence A Tisch
232,458	100,573	NYSE	LIL	2.70	1.98	17⅛	Mineola, NY	5.9	Charles R Pierce
39,601	10,591	NYSE	LDG	2.92	0.98	35⅝	Walnut Creek, Cal	7.9	Robert M Long
389,800	37,984	NYSE	LLX	2.01	1.60	21⅛	New Orleans, La	2.4	John G Phillips
47,370	32,900	NYSE	LPX	–0.50	0.77	28⅛	Portland, Ore	13.8	Harry A Merlo
36,309	33,334	NYSE	LOW	0.76	0.29	26⅝	No Wilkesboro, NC	6.5	Leonard G Herring
–114,300	49,020	NYSE	LTV	–3.20	0.44	11⅜	Dallas, Tex	42.4	Raymond A Hay
102,341	39,195	NYSE	LZ	1.21	1.08	18¾	Wickliffe, Ohio	4.3	Lester E Coleman
193,943	50,599	NYSE	LKS	1.80	1.16	17½	Dublin, Cal	65.0	S Donley Ritchey
61,307	40,695	NYSE	MAI	0.80	0.15	23⅛	Burlington, Mass	8.3	Richard T DiBona
196,410	49,995	NYSE	MZ	2.74	0.65	40¾	New York, NY	49.0	Edward S Finkelstein
45,689	15,224	NYSE	MHI	1.76	0.72	24¾	Memphis, Tenn	7.7	Joseph R Hyde III
528,986	34,942	NYSE	MHC	7.78	2.92	41⅜	New York, NY	27.0	John F McGillicuddy
45,277	5,149	NASDAQ	MNTL	4.47	1.20	24¼	Detroit, Mich	3.9	Dean E Richardson
128,016	23,990	NYSE	MAN	–5.14	0.68	10¼	Denver, Colo	23.8	John A McKinney
217,883	27,639	NYSE	MDA	2.67	1.80	23½	Tulsa, Okla	6.6	Willis H Thompson Jr
23,806	1,987	NASDAQ	MCRP	6.83	2.00	29⅛	Milwaukee, Wisc	2.0	George R Slater
175,074	19,149	NYSE	MM	4.54	1.25	18¾	Buffalo, NY	11.0	John R Petty
230,554	26,555	NYSE	MHS	3.46	0.30	58½	Bethesda, Md	95.5	J Willard Marriott Jr
130,935	34,985	NYSE	MMC	3.36	2.10	41¼	New York, NY	18.9	John M Regan Jr
40,046	4,324	NASDAQ	MRIS	6.06	1.81	33½	Milwaukee, Wisc	2.7	John A Puelicher
187,634	16,917	NYSE	ML	2.92	1.92	43¾	Bethesda, Md	41.1	Thomas G Pownall
40,906	29,272	NYSE	MKY	1.19	0.11	25⅛	Dallas, Tex	1.3	Richard R Rogers
63,457	7,697	NASDAQ	MDNT	5.11	1.22	23½	Baltimore, Md	4.9	Robert D H Harvey
119,518	53,655	NYSE	MAS	1.50	0.40	28⅜	Taylor, Mich	10.1	Richard A Manoogian
68,782	17,912	NYSE	MAT	1.78	0.30	16⅝	Hawthorne, Cal	16.0	Arthur S Spear
248,850	28,887	NYSE	MA	4.87	1.79	47⅛	St Louis, Mo	68.7	David C Farrell
315,838	47,682	NYSE	MCA	3.69	0.75	35½	Universal City, Cal	16.8	Lew R Wasserman
527,618	59,919	NYSE	MCD	5.00	0.79	60⅜	Oak Brook, Ill	130.7	Fred L Turner
382,400	38,522	NYSE	MD	5.44	1.20	42	St Louis, Mo	73.4	Sanford N McDonnell
136,800	16,428	NYSE	MGR	3.11	2.00	39¼	Rolling Meadows, Ill	32.0	Edward J Williams
138,320	24,931	NYSE	MHP	4.40	1.88	75¼	New York, NY	14.2	Harold W McGraw Jr
184,869	107,688	NASDAQ	MCIC	0.91	none	36⅜	Washington, DC	2.5	William G McGowan
111,515	26,633	NYSE	MEA	–2.38	1.75	18¾	Dayton, Ohio	22.4	Burnell R Roberts
66,737	15,757	NYSE	MDT	3.03	0.60	53⅜	Minneapolis, Minn	4.7	Dale R Olseth
209,166	19,703	NYSE	MEL	6.83	2.24	37⅞	Pittsburgh, Pa	7.8	J David Barnes
226,579	52,100	NYSE	MES	2.73	1.02	35⅜	Harrison, NY	59.4	Francis C Rooney Jr
61,956	6,108	NASDAQ	MTRC	6.85	2.63	30⅞	St Louis, Mo	3.5	Donald E Lasater
98,822	5,896	NYSE	MST	11.86	2.00	115¾	New York, NY	19.0	Leon F Winbigler

All share data adjusted for stock splits and stock dividends through May 9, 1983.

The Dimensions of American Business

Where they rank: 1982								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
76	485	435	282	Mercantile Texas (Dec)	10,190,043	1,141,998	645,619	101,998
472	■	■	■	Merchants National (Dec)	1,981,321	262,667	43,882	7,616
255	211	24	47	Merck (Dec)	3,647,652	3,063,017	6,257,088	415,137
37	108	104	79	Merrill Lynch (Dec)	20,697,239	5,026,201	2,341,320	308,831
■	■	360	230	Mesa Petroleum (Dec)	1,667,230	374,884	785,041	129,904
■	■	341	78	Metromedia (Dec)	1,039,618	407,074	827,616	309,153
123	■	■	■	Michigan National (Dec)	6,504,137	788,725	148,023	4,042
363	191	375	224	MidCon (Sept)	2,639,051	3,337,430	759,805	132,634
74	231	120	74	Middle South Utilities (Dec)	10,364,653	2,901,730	2,072,593	310,595
211	■	■	■	Midlantic Banks (Dec)	4,338,734	464,541	136,595	38,814
153	71	16	28	Minnesota Mining & Manufacturing (Dec)	5,514,000	6,601,000	8,841,825	631,000
■	■	■	483	Minnesota Power (Dec)	1,016,011	364,394	290,106	48,446
■	■	■	488	Mission Insurance Group (Dec)	893,964	427,776	333,000	47,816
486	■	391	343	Mitchell Energy & Development (Jan)	1,874,887	961,713	736,755	80,303
18	4	12	9	Mobil (Dec)	36,439,000	59,946,000	10,204,418	1,380,000
134	74	79	68	Monsanto (Dec)	6,077,000	6,325,000	3,095,598	329,000
■	■	■	386	Montana Power (Dec)	1,516,629	497,589	445,826	70,586
408	■	■	■	Moore Financial Group (Dec)	2,361,435	272,687	129,171	22,939
8	67	90	51	J P Morgan (Dec)	58,597,000	6,885,300	2,672,933	394,200
■	278	■	■	Morrison-Knudsen (Dec)	893,273	2,360,909	237,990	39,273
■	■	337	215	[2]Morton Thiokol (June)	746,935	786,976	833,959	136,532
333	162	70	165	Motorola (Dec)	2,833,194	3,785,847	3,331,491	169,492
■	■	■	484	Mountain Fuel Supply (Dec)	849,267	510,340	271,200	48,362
318	252	323	179	Murphy Oil (Dec)	2,989,523	2,602,455	852,136	157,759
253	83	96	73	Nabisco Brands (Dec)	3,691,600	5,871,100	2,556,808	314,700
■	■	243	433	Nalco Chemical (Dec)	464,868	643,863	1,151,503	58,116
■	492	■	■	Nash Finch (Dec)	178,500	1,117,714	57,392	11,559
497	■	■	■	National Bancshares Corp of Texas (Dec)	1,785,183	208,319	146,947	16,024
■	389	■	■	National Can (Dec)	785,016	1,541,543	212,635	34,104
386	■	■	■	National Central Financial (Dec)	2,459,477	282,853	159,155	19,601
119	■	■	■	National City (Dec)	6,823,425	661,404	243,776	43,601
■	399	353	347	National Distillers & Chemical (Dec)	1,708,415	1,499,037	795,760	79,087
■	471	188	368	National Medical Enterprises (May)	1,203,194	1,167,073	1,498,743	75,237
■	499	■	■	National Semiconductor (May)	785,042	1,104,095	515,746	–10,694
■	■	■	472	National Service Industries (Aug)	427,815	884,859	461,888	50,628
82	154	■	■	[1]National Steel (Dec)	9,577,573	3,903,213	326,270	–465,414
221	■	■	■	Nationwide (Dec)	4,087,131	701,715	416,502	28,798
334	368	326	■	Natomas (Dec)	2,832,909	1,617,200	846,966	44,000
60	417	■	338	NBD Bancorp (Dec)	12,406,937	1,406,464	366,358	81,650
67	■	■	363	NCNB (Dec)	11,559,531	1,072,846	452,700	76,140
273	179	106	106	NCR (Dec)	3,373,046	3,526,217	2,299,984	234,411
390	462	358	261	New England Electric System (Dec)	2,451,488	1,212,649	787,360	108,325
350	■	321	200	New York State Electric & Gas (Dec)	2,702,360	889,223	858,275	145,095
■	■	388	454	New York Times (Dec)	761,479	933,692	739,956	54,257
476	■	189	482	Newmont Mining (Dec)	1,946,750	711,605	1,493,140	48,553
193	274	192	94	Niagara Mohawk Power (Dec)	4,736,295	2,393,771	1,466,125	268,534
367	301	408	319	NICOR (Dec)	2,628,235	2,166,085	692,476	86,757
■	■	364	■	A C Nielsen (Aug)	441,553	643,826	777,401	44,191
■	■	331	478	NIKE (May)	375,473	693,582	840,968	49,036

■ Not on 500 list.

[1]Figures include unconsolidated subsidiaries.

[2]Formerly Morton-Norwich.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
		Share data: 1982							
150,288	24,595	NYSE	MTD	4.15	1.12	26¼	Dallas, Tex	6.1	Gene H Bishop
18,788	2,167	NASDAQ	MCHN	3.51	1.00	20¼	Indianapolis, Ind	1.5	Otto N Frenzel III
623,439	73,939	NYSE	MRK	5.61	2.80	84⅜	Rahway, NJ	32.2	John J Horan
428,316	39,022	NYSE	MER	7.59	1.32	60	New York, NY	37.2	Roger E Birk
192,272	66,812	NYSE	MSA	1.72	0.20	11¾	Amarillo, Tex	0.9	T Boone Pickens Jr
353,864	2,796	NYSE	MET	83.11	5.00	296	Secaucus, NJ	3.8	John W Kluge
86,122	11,102	NASDAQ	MNCO	0.30	1.14	13⅜	Bloomfield Hills, Mich	7.6	Stanford C Stoddard
377,135	29,507	NYSE	MCN	4.50	2.10	25¼	Chicago, Ill	4.8	Orval C Davis
140,989	139,334	NYSE	MSU	2.33	1.66	14⅞	New Orleans, La	13.6	Floyd W Lewis
64,014	4,906	NASDAQ	MIDL	7.74	1.79	28¼	Edison, NJ	3.7	Robert Van Buren
1,003,000	117,891	NYSE	MMM	5.37	3.20	75	St Paul, Minn	89.4	Lewis W Lehr
105,697	12,215	NYSE	MPL	3.51	2.28	23¾	Duluth, Minn	1.6	Jack F Rowe
16,238	11,894	NYSE	MEQ	4.01	0.77	28	Los Angeles, Cal	2.3	E Richard DeRose
237,312	47,919	ASE	MND	1.68	0.24	15⅜	The Woodlands, Tex	3.7	George P Mitchell
3,547,000	406,146	NYSE	MOB	3.31	2.00	25⅛	New York, NY	197.2	Rawleigh Warner Jr
880,000	40,598	NYSE	MTC	8.21	3.95	76¼	St Louis, Mo	54.8	John W Hanley
87,636	17,230	NYSE	MTP	3.97	2.48	25⅞	Butte, Mont	2.7	W Paul Schmechtel
41,316	6,151	NASDAQ	MFGI	3.73	1.11	21	Boise, Ida	2.3	Thomas C Frye
542,000	39,599	NYSE	JPM	9.53	3.40	67½	New York, NY	12.4	Lewis T Preston
103,955	9,814	NYSE	MRN	3.86	1.27	24¼	Boise, Ida	25.7	William H McMurren
284,182	16,763	NYSE	MTI	10.13	1.54	49¾	Chicago, Ill	7.1	Charles S Locke
429,554	38,293	NYSE	MOT	4.64	1.60	87	Schaumburg, Ill	79.8	Robert W Galvin
117,701	7,721	NYSE	MFS	5.57	2.48	35⅛	Salt Lake City, Utah	2.8	R D Cash
546,894	36,651	NYSE	MUR	4.28	1.00	23¼	El Dorado, Ark	5.4	Charles H Murphy Jr
445,800	69,573	NYSE	NB	4.83	2.00	36¼	Parsippany, NJ	57.8	Robert M Schaeberle
95,099	39,707	NYSE	NLC	1.46	1.12	29	Oak Brook, Ill	4.7	Worley H Clark
23,062	3,376	OTC	–	3.40	1.35	17	St Louis Park, Minn	5.0	Thomas A Riley
30,997	6,389	NASDAQ	NBAN	2.51	0.78	23	San Antonio, Tex	1.5	Richard W Calvert
73,198	9,245	NYSE	NAC	3.35	1.00	23	Chicago, Ill	10.7	Frank W Considine
30,583	4,580	NASDAQ	NCFC	4.31	1.56	34¾	Lancaster, Pa	1.9	Wilson D McElhinny
64,499	7,618	NASDAQ	NCTY	5.62	2.75	32	Cleveland, Ohio	3.7	Julien L McCall
135,139	32,480	NYSE	DR	2.15	2.20	24½	New York, NY	11.4	Drummond C Bell
135,647	64,601	NYSE	NME	1.28	0.34	23¼	Los Angeles, Cal	34.2	Richard K Eamer
52,493	23,443	NYSE	NSM	–0.47	none	22	Santa Clara, Cal	37.0	Charles E Sporck
74,186	12,317	NYSE	NAS	4.08	1.48	37½	Atlanta, Ga	16.9	Erwin Zaban
–197,538	18,644	NYSE	NS	–24.91	1.50	17½	Pittsburgh, Pa	26.9	Howard M Love
219,903	10,284	NASDAQ	NWDCA	2.80	0.70	40½	Columbus, Ohio	1.5	John E Fisher
610,306	52,121	NYSE	NOM	0.65	1.40	16¼	San Francisco, Cal	5.1	Dorman L Commons
125,139	12,111	NYSE	NBD	6.69	2.08	30¼	Detroit, Mich	6.8	Charles T Fisher III
127,195	24,144	NYSE	NCB	3.18	0.91	18¾	Charlotte, NC	6.4	Thomas I Storrs
530,325	26,744	NYSE	NCR	8.75	2.35	86	Dayton, Ohio	64.0	Charles E Exley Jr
201,515	23,680	NYSE	NES	4.65	2.90	33¼	Westborough, Mass	5.2	Guy W Nichols
184,949	39,689	NYSE	NGE	3.36	2.10	21⅛	Binghamton, NY	4.4	Charles F Kennedy
122,646	12,925	ASE	NYT A	4.31	1.13	57¼	New York, NY	8.1	Arthur O Sulzberger
89,040	27,148	NYSE	NEM	1.76	1.15	55	New York, NY	11.2	Plato Malozemoff
377,087	93,832	NYSE	NMK	2.64	1.76	15⅝	Syracuse, NY	10.1	John G Haehl Jr
305,582	25,067	NYSE	GAS	3.30	2.96	27⅛	Naperville, Ill	5.8	Clarence J Gauthier
70,730	22,452	NASDAQ	NIELA	1.97	0.57	34⅛	Northbrook, Ill	20.6	Arthur C Nielsen Jr
54,545	37,272	NASDAQ	NIKE	1.37	none	22⅝	Beaverton, Ore	3.2	Philip H. Knight

All share data adjusted for stock splits and stock dividends through May 9, 1983.

The Dimensions of American Business

Where they rank: 1982				Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
Assets	Sales	Market value	Net profits					
420	295	249	147	NL Industries (Dec)	2,283,629	2,213,520	1,134,969	188,784
■	■	445	389	Noble Affiliates (Dec)	708,478	397,917	635,308	70,261
120	189	61	50	Norfolk Southern (Dec)	6,803,415	3,358,996	3,437,862	411,368
254	■	■	■	Norstar Bancorp (Dec)	3,652,951	385,096	256,448	44,404
492	206	427	375	North American Philips (Dec)	1,825,848	3,168,052	654,460	73,564
224	346	264	194	Northeast Utilities (Dec)	4,028,639	1,763,220	1,085,163	151,242
267	349	389	395	Northern Indiana Public Service (Dec)	3,449,809	1,732,728	739,345	69,034
296	385	310	180	Northern States Power (Dec)	3,196,889	1,560,916	907,110	157,693
128	■	■	■	Northern Trust (Dec)	6,252,733	826,433	218,340	32,519
■	261	246	■	Northrop (Dec)	1,352,500	2,472,900	1,142,007	5,400
■	329	285	■	Northwest Airlines (Dec)	1,377,387	1,877,568	1,018,866	5,019
45	305	419	310	Northwest Bancorporation (Dec)	17,584,679	2,080,524	663,989	89,093
394	371	■	■	Northwest Energy (Dec)	2,413,505	1,601,832	279,718	38,203
468	283	399	150	Northwest Industries (Dec)	2,002,000	2,306,600	707,814	184,600
443	■	■	■	Northwestern Financial (Dec)	2,116,719	282,148	99,665	8,949
■	445	488	■	Norton (Dec)	1,007,949	1,264,070	566,533	19,324
432	222	491	348	Norton Simon (June)	2,193,173	2,952,674	564,840	79,059
53	19	134	185	Occidental Petroleum (Dec)	15,772,492	18,212,226	1,893,156	155,602
■	297	■	431	Ogden (Dec)	1,691,884	2,202,244	529,312	58,470
■	■	■	439	Ohio Casualty (Dec)	1,573,672	888,803	493,363	57,020
164	412	210	143	Ohio Edison (Dec)	5,247,138	1,429,626	1,345,148	195,571
465	■	385	275	Oklahoma Gas & Electric (Dec)	2,013,754	907,561	744,310	105,089
411	■	■	■	Old Kent Financial (Dec)	2,352,659	274,482	107,938	22,614
439	■	■	■	Old Stone (Dec)	2,135,934	263,527	46,552	13,629
■	338	■	458	Olin (Dec)	1,636,027	1,823,137	555,493	53,308
■	490	■	444	Oneok (Aug)	998,702	1,119,321	321,124	56,094
■	■	■	422	Overseas Shipholding Group (Dec)	1,276,493	324,612	400,133	60,626
■	276	279	■	Owens-Corning Fiberglas (Dec)	1,597,914	2,373,478	1,037,325	29,686
316	174	372	■	Owens-Illinois (Dec)	2,995,800	3,590,900	761,112	39,700
■	457	384	■	PACCAR (Dec)	806,719	1,229,916	745,843	37,292
55	68	47	20	Pacific Gas & Electric (Dec)	13,635,318	6,785,095	4,001,119	810,178
284	130	366	231	Pacific Lighting (Dec)	3,257,079	4,359,072	771,942	128,853
209	418	240	139	Pacific Power & Light (Dec)	4,411,989	1,405,798	1,172,269	197,314
■	456	■	■	Pacific Resources (Dec)	542,636	1,234,809	95,008	9,798
212	500	499	■	Paine Webber (Sept)	4,295,112	1,099,814	558,149	35,266
■	■	433	■	Pall (July)	199,878	195,519	647,766	24,988
353	166	■	■	Pan American World Airways (Dec)	2,696,152	3,716,025	297,123	–485,331
177	186	260	124	Panhandle Eastern (Dec)	5,060,625	3,391,465	1,087,433	219,876
■	■	■	359	Parker Drilling (Aug)	928,294	615,861	292,440	76,335
■	480	■	436	Parker-Hannifin (June)	798,550	1,148,081	536,726	57,680
■	460	■	■	Parsons (Dec)	530,174	1,213,997	391,425	42,794
■	■	469	■	Payless Cashways (Nov)	263,220	602,666	591,874	23,079
305	207	330	228	Penn Central (Dec)	3,099,000	3,165,400	843,921	131,500
94	35	59	52	J C Penney (Jan)	7,938,535	11,413,806	3,552,612	391,687
152	458	202	90	Pennsylvania Power & Light (Dec)	5,530,939	1,219,548	1,395,681	278,886
288	288	141	148	Pennzoil (Dec)	3,226,310	2,268,511	1,803,212	188,713
467	■	■	■	Peoples Bancorporation (Dec)	2,005,262	228,898	60,086	13,423
■	388	■	498	Peoples Energy (Sept)	1,166,668	1,542,490	302,195	45,952
215	61	69	116	PepsiCo (Dec)	4,197,470	7,498,998	3,338,121	224,288

■ Not on 500 list.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
	Share data: 1982								
452,303	61,767	NYSE	NL	2.90	1.00	18⅜	New York, NY	20.3	Theodore C Rogers
182,687	44,583	NYSE	NBL	1.58	0.12	14¼	Ardmore, Okla	2.0	Roy Butler
779,492	62,792	NYSE	NSC	6.57	2.80	54¾	Norfolk, Va	41.3	Robert B Claytor
58,612	9,403	NYSE	NOR	4.75	1.95	27⅜	Albany, NY	3.2	Peter D Kiernan
146,208	13,851	NYSE	NPH	5.33	1.70	47¼	New York, NY	47.4	Cees Bruynes
361,660	89,498	NYSE	NU	1.76	1.28	12⅛	Berlin, Conn	8.4	William B Ellis
174,915	58,562	NYSE	NI	0.90	1.50	12⅜	Hammond, Ind	6.6	Edmund A Schroer
412,727	30,237	NYSE	NSP	4.79	2.65	30	Minneapolis, Minn	7.4	Donald W McCarthy
66,641	4,852	NASDAQ	NTRS	6.71	2.72	45	Chicago, Ill	4.1	Philip W K Sweet Jr
38,900	15,151	NYSE	NOC	0.36	1.80	75⅜	Los Angeles, Cal	33.5	Thomas V Jones
132,895	21,678	NYSE	NWA	0.23	0.80	47	St Paul, Minn	13.4	M Joseph Lapensky
209,089	26,964	NYSE	NOB	3.08	1.68	24⅜	Minneapolis, Minn	15.2	John W Morrison
165,187	17,620	NYSE	NWP	1.87	1.35	15⅞	Salt Lake City, Utah	2.8	John G McMillian
377,000	19,730	NYSE	NWT	8.75	3.54	35⅞	Chicago, Ill	36.5	Ben W Heineman
26,529	5,111	NASDAQ	NWFN	1.75	0.82	19½	Wilkesboro, NC	3.0	Ben T Craig
61,785	17,365	NYSE	NRT	1.13	2.00	32⅜	Worcester, Mass	22.9	Donald R Melville
215,530	23,535	NYSE	NSI	2.42	1.08	24	New York, NY	37.5	David J Mahoney
723,225	95,856	NYSE	OXY	0.69	2.50	19¾	Los Angeles, Cal	50.8	Armand Hammer
149,830	18,904	NYSE	OG	3.13	1.80	28	New York, NY	32.8	Ralph E Ablon
84,390	11,507	NASDAQ	OCAS	4.91	2.36	42⅞	Hamilton, Ohio	5.3	John G Sloneker
322,139	96,082	NYSE	OEC	1.89	1.76	14	Akron, Ohio	7.8	Justin T Rogers Jr
203,126	38,416	NYSE	OGE	2.57	1.76	19⅜	Oklahoma City, Okla	8.7	James G Harlow Jr
29,428	7,444	NASDAQ	OKEN	3.04	1.01	14½	Grand Rapids, Mich	2.1	John C Canepa
21,503	2,024	NASDAQ	OSTN	3.50	1.92	23	Providence, RI	1.1	Theodore W Barnes
209,600	23,638	NYSE	OLN	2.26	1.20	23½	Stamford, Conn	18.9	John M Henske
134,214	12,061	NYSE	OKE	4.88	2.35	26⅜	Tulsa, Okla	2.8	J E Tyree
107,289	25,815	NYSE	OSG	2.35	0.50	15½	New York, NY	2.2	Morton P Hyman
170,798	27,662	NYSE	OCF	0.98	1.20	37½	Toledo, Ohio	21.9	William W Boeschenstein
277,800	26,942	NYSE	OI	1.36	1.68	28¼	Toledo, Ohio	48.8	Edwin D Dodd
43,737	9,068	NASDAQ	PCAR	4.11	2.82	82¼	Bellevue, Wash	8.8	Charles M Pigott
1,240,639	142,262	NYSE	PCG	4.91	2.86	28⅛	San Francisco, Cal	26.3	Frederick W Mielke Jr
204,308	27,205	NYSE	PLT	4.57	2.82	28⅜	Los Angeles, Cal	10.0	Paul A Miller
440,772	55,492	NYSE	PPW	3.03	2.16	21⅛	Portland, Ore	9.2	Don C Frisbee
25,692	10,858	NASDAQ	PRIN	0.79	0.56	8¾	Honolulu, Haw	0.7	James F Gary
51,745	14,130	NYSE	PWJ	2.53	0.36	39⅛	New York, NY	9.9	Donald B Marron
32,816	17,993	ASE	PLL	1.40	0.32	36⅛	Glen Cove, NY	3.3	Abraham Krasnoff
–218,352	81,965	NYSE	PN	–6.30	none	3⅜	New York, NY	37.0	C Edward Acker
513,017	41,426	NYSE	PEL	5.36	2.30	26¼	Houston, Tex	7.6	Robert D Hunsucker
173,182	28,883	NYSE	PKD	2.65	0.16	10⅛	Tulsa, Okla	5.8	Robert L Parker
91,557	25,110	NYSE	PH	2.31	0.96	21⅜	Cleveland, Ohio	20.8	Patrick S Parker
49,119	18,529	NYSE	RMP	2.31	0.92	21⅛	Pasadena, Cal	9.2	William E Leonhard
33,204	13,490	NYSE	PCI	1.92	0.20	43⅞	Kansas City, Mo	5.9	David Stanley
341,100	31,997	NYSE	PC	3.02	none	26⅜	New York, NY	38.7	Alfred W Martinelli
664,000	73,439	NYSE	JCP	5.35	1.96	48⅜	New York, NY	176.0	Donald V Seibert
146,297	66,461	NYSE	PPL	3.35	2.30	21	Allentown, Pa	8.1	Robert K Campbell
547,859	51,337	NYSE	PZL	3.60	2.20	35⅛	Houston, Tex	9.5	J Hugh Liedtke
26,164	3,815	NASDAQ	PEOP	3.51	1.00	15¾	Seattle, Wash	2.2	Joshua Green III
104,736	30,602	NYSE	PGL	1.54	1.00	9⅞	Chicago, Ill	3.8	Eugene A Tracy
609,680	93,374	NYSE	PEP	2.40	1.58	35¾	Purchase, NY	126.5	Donald M Kendall

All share data adjusted for stock splits and stock dividends through May 9, 1983.

The Dimensions of American Business

Where they rank: 1982				Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
Assets	Sales	Market value	Net profits					
■	■	232	416	Perkin-Elmer (July)	869,812	1,036,774	1,218,139	62,669
■	320	398	277	Petrolane (Sept)	1,050,755	1,978,151	722,319	104,340
248	185	30	66	Pfizer (Dec)	3,748,700	3,453,600	5,301,240	332,800
464	■	456	■	Phelps Dodge (Dec)	2,013,897	957,795	612,028	–74,296
■	■	472	■	PHH Group (Apr)	1,405,076	471,714	588,075	29,562
15	13	64	63	[22]Phibro-Salomon (Dec)	39,669,000	26,703,000	3,409,016	337,000
111	249	115	64	Philadelphia Electric (Dec)	7,157,998	2,644,753	2,138,039	336,223
124	■	■	441	Philadelphia National (Dec)	6,301,254	770,161	300,664	56,658
81	46	20	22	Philip Morris (Dec)	9,691,900	9,101,600	7,553,700	781,800
63	23	34	27	Phillips Petroleum (Dec)	12,097,000	15,698,000	4,995,507	646,000
■	■	463	■	Pic'n'Save (Dec)	124,114	177,738	605,701	27,009
393	187	263	216	Pillsbury (May)	2,428,300	3,385,100	1,085,400	136,300
■	491	373	420	Pioneer (Dec)	1,066,707	1,118,736	761,022	61,544
■	■	380	381	Pioneer Hi-Bred International (Aug)	512,796	557,398	750,191	71,604
■	407	382	332	Pitney Bowes (Dec)	1,338,044	1,455,280	746,320	83,120
■	267	■	■	Pittston (Dec)	1,402,438	2,420,740	521,043	–11,692
66	434	■	276	[23]PNC Financial (Dec)	11,611,171	1,307,009	NA	104,518
■	484	■	■	Pneumo (Nov)	397,548	1,144,821	206,196	23,602
■	■	■	471	Pogo Producing (Dec)	957,733	277,983	511,063	51,282
■	439	362	■	Polaroid (Dec)	1,323,600	1,293,900	781,715	23,500
415	■	452	196	Portland General Electric (Dec)	2,322,972	572,193	621,255	150,162
■	■	495	■	Potlatch (Dec)	1,175,779	820,180	562,937	22,533
349	■	335	249	Potomac Electric Power (Dec)	2,709,197	1,095,153	837,766	118,982
282	193	143	186	PPG Industries (Dec)	3,270,100	3,321,800	1,799,451	155,100
■	■	484	■	Premier Industrial (May)	207,016	332,215	571,670	34,589
■	362	■	■	Primark (Dec)	1,351,448	1,638,666	144,281	18,252
■	■	262	■	Prime Computer (Dec)	376,167	435,826	1,086,256	44,926
102	32	13	23	Procter & Gamble (June)	7,510,000	11,994,000	9,819,953	777,000
354	■	■	397	Provident Life & Accident (Dec)	2,695,161	1,066,748	471,872	67,209
372	375	344	251	Public Service Company of Colorado (Dec)	2,574,773	1,590,039	816,973	116,496
245	■	234	108	Public Service Company of Indiana (Dec)	3,813,198	809,394	1,205,741	233,232
■	■	■	301	Public Service Co of New Hampshire (Dec)	1,615,523	423,290	464,170	91,623
438	■	338	252	Public Service Company of New Mexico (Dec)	2,146,496	426,543	833,066	115,822
95	156	111	60	Public Service Electric & Gas (Dec)	7,906,967	3,873,976	2,205,146	342,827
474	■	476	285	Puget Sound Power & Light (Dec)	1,953,833	467,697	582,390	99,228
■	245	325	286	Quaker Oats (June)	1,476,700	2,711,900	848,368	96,900
141	■	■	■	Rainier Bancorporation (Dec)	5,864,656	731,814	265,873	39,183
445	115	145	394	Ralston Purina (Sept)	2,113,800	4,802,600	1,772,435	69,100
■	■	451	■	Raychem (June)	451,809	534,949	626,580	37,248
■	363	■	■	Raymond International (Dec)	496,764	1,638,336	81,198	12,203
262	96	50	71	Raytheon (Dec)	3,510,191	5,513,370	3,777,482	318,766
57	45	139	120	[1]RCA (Dec)	12,931,900	9,338,200	1,834,268	222,600
■	■	■	377	Reading & Bates (Dec)	1,141,746	516,824	375,179	73,288
■	391	■	■	Republic Airlines (Dec)	1,186,174	1,530,668	173,770	–39,861
84	451	■	387	Republic New York (Dec)	9,280,172	1,249,347	413,896	70,530
313	242	■	■	Republic Steel (Dec)	3,033,426	2,738,160	252,859	–243,851
48	325	345	202	[24]RepublicBank (Dec)	17,218,299	1,933,567	815,601	143,831
■	387	340	477	Revco D S (May)	500,884	1,554,656	830,453	49,638
422	281	272	259	Revlon (Dec)	2,272,506	2,350,988	1,069,852	111,140

■ Not on 500 list.

[1]Figures include unconsolidated subsidiaries.

[22]Formerly Phibro.

[23]Pro forma results reflect the combination of Pittsburgh National and Provident National in January 1983. As a result, market value of common stock as of Dec. 31 is not available.

[24]Formerly Republic of Texas.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
	Share data: 1982								
90,788	42,930	NYSE	PKN	1.45	0.50	28⅜	Norwalk, Conn	14.8	Robert H Sorensen
190,144	52,059	NYSE	PTO	2.00	0.48	13⅞	Long Beach, Cal	17.7	John C Wallace
462,100	76,969	NYSE	PFE	4.26	1.84	68⅞	New York, NY	40.8	Edmund T Pratt Jr
–36,257	21,761	NYSE	PD	–3.59	0.30	28⅛	New York, NY	12.2	George B Munroe
46,098	15,682	NYSE	PHH	1.93	0.69	37½	Hunt Valley, MD	2.3	Jerome W Geckle
439,000	68,869	NYSE	PSB	4.97	0.94	49½	New York, NY	6.9	David Tendler
521,623	125,767	NYSE	PE	2.39	2.06	17	Philadelphia, Pa	10.1	James L Everett
83,533	5,824	NASDAQ	PHNA	9.73	3.16	51⅝	Philadelphia, Pa	4.9	G Morris Dorrance Jr
1,180,500	125,895	NYSE	MO	6.23	2.30	60	New York, NY	72.0	George Weissman
1,919,000	153,119	NYSE	P	4.23	2.20	32⅜	Bartlesville, Okla	32.1	William C Douce
28,430	15,631	NASDAQ	PICN	1.75	none	38¾	Carson, Cal	1.9	Arthur Frankel
247,600	21,708	NYSE	PSY	6.29	2.30	50	Minneapolis, Minn	57.6	William H Spoor
194,078	37,123	NYSE	PNA	1.66	1.04	20½	Amarillo, Tex	3.1	K Bert Watson
89,568	31,923	NASDAQ	PHYB	2.24	0.68	23½	Des Moines, Iowa	2.4	Thomas N Urban
179,330	16,313	NYSE	PBI	4.32	1.60	45¾	Stamford, Conn	26.6	George B Harvey
68,006	37,894	NYSE	PCO	–0.31	1.05	13¾	Greenwich, Conn	14.5	Nicholas T Camicia
143,788	20,560	NASDAQ	PNCF	5.09	1.92	NA	Pittsburgh, Pa	6.1	Merle E Gilliand
56,269	6,369	NYSE	PNC	3.37	0.70	32⅜	Boston, Mass	9.2	Gerard A Fulham
178,188	24,050	NYSE	PPP	2.05	0.60	21¼	Houston, Tex	0.2	William C Liedtke Jr
104,400	30,959	NYSE	PRD	0.73	1.00	25¼	Cambridge, Mass	15.7	William J McCune Jr
232,504	40,738	NYSE	PGN	3.02	1.74	15¼	Portland, Ore	3.2	Robert H Short
84,435	15,318	NYSE	PCH	0.87	1.48	36¾	San Francisco, Cal	9.0	Richard B Madden
227,276	45,905	NYSE	POM	2.28	1.68	18¼	Washington, DC	5.4	W Reid Thompson
383,300	34,772	NYSE	PPG	4.51	2.36	51¾	Pittsburgh, Pa	37.0	L Stanton Williams
40,145	20,788	NYSE	PRE	1.66	0.40	27½	Cleveland, Ohio	3.1	Morton L Mandel
77,834	5,889	NYSE	PMK	3.10	2.40	24½	Detroit, Mich	4.4	Robert W Stewart
80,566	31,372	NYSE	PRM	1.48	none	34⅜	Natick, Ma	5.0	Joe M Henson
1,127,000	166,088	NYSE	PG	4.70	2.10	59⅛	Cincinnati, Ohio	62.4	John G Smale
263,056	9,344	NASDAQ	PACC	7.16	2.38	50½	Chattanooga, Tenn	4.0	H Carey Hanlin
242,841	47,020	NYSE	PSR	2.17	1.74	17⅜	Denver, Colo	6.6	Richard F Walker
290,521	48,472	NYSE	PIN	4.55	2.72	24⅞	Plainfield, Ind	5.2	Hugh A Barker
43,365	26,524	NYSE	PNH	2.73	2.12	17½	Manchester, NH	2.2	Robert J Harrison
125,455	32,041	NYSE	PNM	3.22	2.77	26	Albuquerque, NM	3.1	Jerry D Geist
839,176	94,845	NYSE	PEG	3.24	2.53	23¼	Newark, NJ	13.0	Robert I Smith
113,891	37,879	NYSE	PSD	2.29	1.76	15⅜	Bellevue, Wash	2.4	John W Ellis
169,000	19,787	NYSE	OAT	4.76	1.85	42⅞	Chicago, Ill	28.5	William D Smithburg
84,565	9,581	NASDAQ	RBAN	4.12	1.50	27¾	Seattle, Wash	5.3	G Robert Truex Jr
274,300	101,282	NYSE	RAL	0.66	0.78	17½	St. Louis, Mo	61.1	William P Stiritz
61,460	9,440	NYSE	RYC	4.07	0.44	66⅜	Menlo Park, Cal	8.1	Paul M Cook
28,532	6,246	NYSE	RII	1.94	1.00	13	Houston, Tex	14.0	Henry F LeMieux
512,226	84,413	NYSE	RTN	3.78	1.40	44¾	Lexington, Mass	74.3	Thomas L Phillips
880,800	81,523	NYSE	RCA	2.03	1.13	22½	New York, NY	114.3	Thornton F Bradshaw
186,461	27,791	NYSE	RB	2.36	0.80	13½	Tulsa, Okla	2.5	John W Bates Jr
30,501	22,066	NYSE	RAI	–1.99	none	7⅞	Minneapolis, Minn	14.5	Daniel F May
106,887	10,892	NYSE	RNB	5.26	1.35	38	New York, NY	2.4	Walter H Weiner
–268,460	16,183	NYSE	RS	–15.07	1.13	15⅜	Cleveland, Ohio	30.3	E Bradley Jones
224,724	26,962	NYSE	RPT	5.18	1.48	30¼	Dallas, Tex	7.6	James D Berry
70,706	30,758	NYSE	RDS	1.61	0.55	27	Twinsburg, Ohio	20.9	Sidney Dworkin
195,657	35,367	NYSE	REV	2.45	1.84	30¼	New York, NY	33.6	Michel C Bergerac

All share data adjusted for stock splits and stock dividends through May 9, 1983.
NA: Not available.

The Dimensions of American Business

Where they rank: 1982								
Assets	Sales	Market value	Net profits	Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
75	37	26	16	R J Reynolds Industries (Dec)	10,355,000	10,906,000	5,742,447	870,000
275	216	■	■	Reynolds Metals (Dec)	3,345,100	2,980,900	502,704	–23,700
■	493	439	398	Richardson-Vicks (June)	778,400	1,115,600	640,791	66,900
250	■	■	■	Riggs National (Dec)	3,715,648	407,120	143,616	20,303
■	438	429	448	Rite Aid (Feb)	456,572	1,294,711	649,528	54,978
■	483	244	362	[25]Roadway Services (Dec)	686,491	1,146,562	1,144,828	76,152
■	■	■	481	A H Robins (Dec)	439,983	482,324	428,734	48,693
■	■	■	390	Rochester Gas & Electric (Dec)	1,319,194	681,913	376,630	70,040
185	62	73	67	Rockwell International (Sept)	4,870,300	7,395,400	3,258,773	331,600
■	336	288	324	Rohm & Haas (Dec)	1,365,163	1,828,027	1,006,434	85,605
■	■	■	497	Rollins (June)	399,562	526,468	389,415	46,035
■	■	309	■	ROLM (June)	267,124	380,577	907,562	29,827
■	■	■	248	Rowan Cos (Dec)	793,882	400,421	501,341	119,443
470	307	267	333	Ryder System (Dec)	1,985,020	2,075,871	1,076,104	82,614
317	402	292	266	Safeco (Dec)	2,992,241	1,488,459	972,036	107,558
235	21	236	177	Safeway Stores (Dec)	3,890,633	17,632,821	1,195,722	159,660
160	302	214	134	St Paul Cos (Dec)	5,317,553	2,158,951	1,307,647	204,169
330	256	333	■	St Regis Paper (Dec)	2,852,141	2,555,949	840,304	45,028
396	410	339	182	San Diego Gas & Electric (Dec)	2,411,676	1,430,948	832,589	157,303
194	208	135	157	Santa Fe Industries (Dec)	4,732,300	3,159,600	1,885,298	180,200
392	339	119	152	Schering-Plough (Dec)	2,428,900	1,817,900	2,096,286	183,500
■	330	■	■	SCM (June)	1,124,311	1,855,067	283,335	28,725
■	476	498	■	SCOA Industries (Jan)	460,791	1,155,051	559,383	36,084
404	285	319	371	Scott Paper (Dec)	2,382,363	2,293,436	863,926	74,457
78	420	■	■	Seafirst (Dec)	10,028,452	1,398,330	269,658	–91,349
■	■	121	207	G D Searle (Dec)	1,269,700	1,036,900	2,065,357	140,400
17	10	10	18	Sears, Roebuck (Dec)	36,643,100	30,020,000	10,586,226	829,700
16	126	278	107	Security Pacific (Dec)	36,991,034	4,490,619	1,037,961	234,314
■	■	437	98	SEDCO (June)	903,856	522,646	643,910	260,009
■	■	409	■	Sensormatic Electronics (May)	118,868	66,985	690,097	15,611
■	468	■	■	Service Merchandise (Dec)	585,508	1,195,283	406,000	31,569
■	■	459	■	Servicemaster Industries (Dec)	81,512	594,955	610,722	21,576
■	■	422	■	Shared Medical Systems (Dec)	135,373	163,494	659,664	21,373
156	■	■	■	Shawmut (Dec)	5,375,529	613,605	206,360	32,646
35	17	8	8	Shell Oil (Dec)	21,376,000	20,062,000	11,434,332	1,605,000
■	333	■	■	Sherwin-Williams (Dec)	888,267	1,851,776	483,076	42,931
257	109	142	256	Signal Cos (Dec)	3,608,700	5,022,400	1,800,975	113,200
■	259	■	■	Singer (Dec)	1,421,800	2,522,700	315,799	–21,800
■	■	440	336	Smith International (Dec)	1,162,883	1,072,861	639,778	82,310
328	219	27	42	SmithKline Beckman (Dec)	2,857,524	2,968,667	5,720,514	445,157
231	■	■	■	Society (Dec)	3,910,973	471,015	142,178	26,754
300	246	270	133	SONAT (Dec)	3,139,482	2,680,561	1,071,846	204,639
431	■	425	288	South Carolina Electric & Gas (Dec)	2,194,427	859,036	657,468	96,121
449	■	■	■	South Carolina National (Dec)	2,074,087	244,714	135,651	16,720
107	■	■	462	Southeast Banking (Dec)	7,274,334	850,360	333,460	52,647
77	133	66	32	Southern California Edison (Dec)	10,157,564	4,302,602	3,396,307	555,754
61	112	72	40	Southern Company (Dec)	12,301,201	4,927,183	3,262,875	449,322
473	■	322	299	Southern New England Telephone (Dec)	1,968,075	1,081,140	855,859	91,736
154	209	284	247	Southern Pacific (Dec)	5,512,200	3,104,100	1,019,423	120,100

■ Not on 500 list.

[25]Formerly Roadway Express.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
	Share data: 1982								
1,535,000	112,597	NYSE	RJR	7.82	2.85	51	Winston-Salem, NC	92.8	J Paul Sticht
138,200	19,811	NYSE	RLM	–1.34	1.75	25⅜	Richmond, Va	29.9	David P Reynolds
94,800	23,733	NYSE	RVI	2.74	1.48	27	Wilton, Conn	10.9	John S Scott
35,027	5,984	NASDAQ	RIGS	3.39	1.80	24	Washington, DC	2.1	Joe L Allbritton
80,158	21,066	NYSE	RAD	2.61	0.53	30⅞	Harrisburg, Pa	13.8	Alex Grass
118,776	19,997	NASDAQ	ROAD	3.83	1.40	57¼	Akron, Ohio	17.7	Charles F Zodrow
62,278	24,154	NYSE	RAH	1.98	0.52	17¾	Richmond, Va	5.6	E Claiborne Robins Jr
101,376	21,993	NYSE	RGS	2.81	1.75	17⅛	Rochester, NY	2.8	Paul W Briggs
530,100	76,677	NYSE	ROK	4.33	1.56	42½	Pittsburgh, Pa	101.9	Robert Anderson
202,687	12,903	NYSE	ROH	6.63	2.80	78	Philadelphia, Pa	12.5	Vincent L Gregory Jr
94,758	25,961	NYSE	ROL	1.70	0.65	15	Atlanta, Ga	10.0	O Wayne Rollins
41,440	17,883	NYSE	RM	1.70	none	50¾	Santa Clara, Cal	4.9	M Kenneth Oshman
199,471	48,322	NYSE	RDC	2.36	0.08	10⅜	Houston, Tex	1.7	C Robert Palmer
327,253	21,415	NYSE	RDR	3.84	1.07	50¼	Miami, Fla	19.6	M Anthony Burns
191,963	18,693	NASDAQ	SAFC	5.73	2.20	52	Seattle, Wash	10.2	Roland M Trafton
405,897	52,272	NYSE	SA	3.06	1.33	22⅞	Oakland, Cal	156.9	Peter A Magowan
396,159	21,393	NASDAQ	STPL	9.63	2.53	61⅛	St Paul, Minn	9.6	Carl B Drake Jr
154,532	34,124	NYSE	SRT	1.29	1.68	24⅜	New York, NY	26.9	William R Haselton
196,084	48,266	NYSE	SDO	2.90	1.75	17¼	San Diego, Cal	5.0	Thomas A Page
522,700	83,791	NYSE	SFF	2.08	1.00	22½	Chicago, Ill	36.5	John J Schmidt
243,700	53,239	NYSE	SGP	3.39	1.68	39⅜	Kenilworth, NJ	26.4	Robert F Luciano
83,156	9,484	NYSE	SCM	3.01	2.00	29⅞	New York, NY	26.6	Paul H Elicker
48,962	15,017	NYSE	SOA	2.40	0.64	37¼	Columbus, Ohio	17.5	Herbert H Schiff
370,325	42,663	NYSE	SPP	1.61	1.00	20¼	Philadelphia, Pa	19.5	Philip E Lippincott
118,467	16,220	NYSE	SFC	–5.66	1.44	16⅝	Seattle, Wash	7.8	Richard P Cooley
182,800	49,918	NYSE	SRL	2.77	0.52	41⅜	Skokie, Ill	15.8	Donald H Rumsfeld
2,113,700	351,410	NYSE	S	2.37	1.36	30⅛	Chicago, Ill	401.8	Edward R Telling
521,839	28,053	NYSE	SPC	7.84	2.35	37	Los Angeles, Cal	27.1	Richard J Flamson III
360,197	22,014	NYSE	SED	8.83	0.44	29¼	Dallas, Tex	5.7	B Gill Clements
27,701	15,956	NASDAQ	SNSR	1.01	0.06	43¼	Deerfield Beach, Fla	1.0	Ronald G Assaf
48,988	14,500	NASDAQ	SMCH	2.40	0.14	28	Nashville, Tenn	8.7	Raymond Zimmerman
26,438	14,541	NASDAQ	SMAS	1.47	1.00	42	Downers Grove, Ill	5.4	Kenneth T Wesner
37,026	24,152	NASDAQ	SMED	0.88	0.24	27⅜	Malvern, Pa	1.7	R James Macaleer
57,486	6,160	NASDAQ	SHAS	5.39	1.72	33½	Boston, Mass	5.4	John P LaWare
3,490,000	309,036	NYSE	SUO	5.19	1.80	37	Houston, Tex	36.9	John F Bookout
71,286	21,958	NYSE	SHW	2.02	0.50	22	Cleveland, Ohio	22.3	John G Breen
287,300	72,039	NYSE	SGN	1.56	0.84	25	San Diego, Cal	56.5	Forrest N Shumway
22,700	16,621	NYSE	SMF	–1.63	0.10	19	Stamford, Conn	62.0	Joseph B Flavin
147,022	22,647	NYSE	SII	3.61	0.92	28¼	Newport Beach, Cal	11.2	Jerry W Neely
568,346	82,906	NYSE	SKB	5.51	2.39	69	Philadelphia, Pa	35.2	Henry Wendt III
40,663	6,390	NASDAQ	SOCI	4.17	1.52	22¼	Cleveland, Ohio	3.1	Gordon E Heffern
464,473	40,447	NYSE	SNT	5.05	1.20	26½	Birmingham, Ala	7.4	Henry C Goodrich
147,729	36,526	NYSE	SCG	2.32	1.90	18	Columbia, SC	3.5	Virgil C Summer
27,622	4,142	NASDAQ	SCNC	3.89	1.48	32¾	Columbia, SC	2.8	James G Lindley
94,734	16,673	NYSE	STB	3.03	1.00	20	Miami, Fla	6.8	Charles J Zwick
637,784	96,692	NYSE	SCE	5.13	3.31	35⅛	Rosemead, Cal	15.2	William R Gould
1,272,817	208,824	NYSE	SO	2.26	1.66	15⅝	Atlanta, Ga	29.4	Alvin W Vogtle Jr
277,882	14,324	NYSE	SNG	6.12	4.56	59¾	New Haven, Conn	14.0	Alfred W Van Sinderen
364,600	28,122	NYSE	SX	4.31	2.60	36¼	San Francisco, Cal	47.2	Benjamin F Biaggini

All share data adjusted for stock splits and stock dividends through May 9, 1983.

The Dimensions of American Business

Where they rank: 1982				Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
Assets	Sales	Market value	Net profits					
489	70	302	263	Southland (Dec)	1,842,584	6,756,933	932,778	108,051
■	■	420	■	Southland Royalty (Dec)	683,083	357,925	663,609	28,659
391	■	■	■	SouthTrust (Dec)	2,441,447	285,283	107,565	22,864
■	■	466	■	Southwest Airlines (Dec)	420,542	331,189	595,122	34,004
115	■	■	399	Southwest Bancshares (Dec)	6,926,581	772,591	376,761	66,572
■	■	470	360	Southwestern Public Service (Aug)	1,238,753	588,949	590,406	76,309
158	92	183	121	Sperry (Mar)	5,343,000	5,571,400	1,526,474	221,800
■	■	298	380	Square D (Dec)	804,762	1,056,981	946,670	71,700
481	360	108	188	Squibb (Dec)	1,929,712	1,660,766	2,277,105	153,636
■	376	■	417	A E Staley Manufacturing (Sept)	1,143,610	1,588,114	421,629	62,612
30	8	9	10	Standard Oil Calif (Dec)	23,464,628	34,362,000	10,919,328	1,377,000
29	12	7	5	Standard Oil Indiana (Dec)	24,289,000	28,073,000	11,614,314	1,826,000
52	29	17	4	Standard Oil Ohio (Dec)	16,016,000	13,152,000	8,808,673	1,879,000
■	■	424	■	Stanley Works (Dec)	636,497	962,778	658,952	37,501
230	■	■	480	State Street Boston (Dec)	3,914,980	469,489	237,630	48,921
433	367	283	242	Stauffer Chemical (Dec)	2,189,085	1,618,235	1,024,581	123,547
■	343	206	226	Sterling Drug (Dec)	1,332,957	1,796,153	1,367,640	131,970
■	341	■	■	J P Stevens (Oct)	1,068,572	1,814,315	311,299	22,284
■	■	■	456	Stone & Webster (Dec)	431,438	322,272	330,941	53,788
■	282	■	■	Stop & Shop Cos (Jan)	617,665	2,341,875	279,095	34,823
■	■	395	412	Storage Technology (Dec)	1,206,455	1,079,235	725,156	63,327
437	■	■	■	Suburban Bancorp (Dec)	2,151,808	213,576	104,388	18,803
444	■	■	■	Sumitomo Bank of California (Dec)	2,114,610	268,706	50,115	7,600
180	■	■	■	Sun Banks of Florida (Dec)	5,004,141	528,639	337,583	34,231
64	24	55	33	Sun Company (Dec)	12,019,000	15,519,000	3,705,607	537,000
■	■	349	393	Sundstrand (Dec)	895,314	961,573	805,200	69,300
■	486	■	■	Super Food Services (Aug)	132,901	1,128,511	28,116	3,619
■	102	296	396	Super Valu Stores (Feb)	857,195	5,197,081	952,718	68,031
181	310	56	118	Superior Oil (Dec)	4,993,235	2,040,518	3,662,060	223,423
■	198	■	■	Supermarkets General (Jan)	691,761	3,247,338	329,963	37,693
■	260	■	■	Swift Independent (Oct)	258,662	2,488,159	131,145	25,334
■	352	342	■	Sysco (June)	435,556	1,713,393	820,011	34,209
■	■	490	■	Tampax (Dec)	206,333	287,532	565,061	43,320
■	■	293	■	Tandem Computers (Sept)	337,366	312,143	964,707	29,856
■	■	354	■	Tandon (Sept)	156,147	150,490	794,619	15,735
■	313	31	117	Tandy (June)	1,227,644	2,032,555	5,297,031	224,085
■	■	■	487	TECO Energy (Dec)	1,432,185	599,905	444,133	47,972
■	467	257	346	Tektronix (May)	1,042,287	1,195,748	1,095,056	79,453
■	■	478	■	Tele-Communications (Dec)	916,673	282,552	580,364	10,402
151	149	91	85	[1]Teledyne (Dec)	5,561,800	4,039,800	2,672,629	289,586
46	25	41	19	Tenneco (Dec)	17,377,890	14,978,614	4,413,036	819,000
■	265	■	474	Tesoro Petroleum (Sept)	840,269	2,439,853	231,323	50,139
25	5	19	11	Texaco (Dec)	27,114,000	46,986,000	8,033,829	1,281,000
■	395	■	■	Texas Air (Dec)	1,191,976	1,516,320	138,976	–48,975
195	■	■	■	Texas American Bancshares (Dec)	4,717,155	549,476	249,306	42,521
44	342	238	164	Texas Commerce Bancshares (Dec)	18,217,000	1,798,000	1,188,936	170,000
203	89	187	171	Texas Eastern (Dec)	4,541,537	5,654,353	1,499,648	161,334
491	234	■	255	[26]Texas Gas (Dec)	1,827,618	2,877,590	539,423	113,463
365	131	76	201	Texas Instruments (Dec)	2,631,400	4,326,600	3,184,151	144,000

■ Not on 500 list.

[1]Figures include unconsolidated subsidiaries.

[26]Formerly Texas Gas Transmission.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
			Share data: 1982						
235,490	36,108	NYSE	SLC	3.02	0.77	25⅞	Dallas, Tex	49.8	John P Thompson
119,203	43,875	NYSE	SRO	0.64	0.08	15⅛	Fort Worth, Tex	0.5	Jon Brumley
33,104	7,171	NASDAQ	SOTR	3.14	1.06	15	Birmingham, Ala	2.4	Wallace D Malone Jr
72,084	22,352	NYSE	LUV	1.60	0.16	26⅝	Dallas, Tex	2.5	Herbert D Kelleher
81,747	15,378	NYSE	SWB	4.31	1.20	24½	Houston, Tex	4.3	John T Cater
109,210	34,987	NYSE	SPS	2.02	1.53	16⅞	Amarillo, Tex	2.3	Berl M Springer
322,700	45,397	NYSE	SY	5.25	1.92	33⅜	New York, NY	90.6	Gerald G Probst
111,474	27,640	NYSE	SQD	2.61	1.84	34¼	Palatine, Ill	21.7	Mitchell P Kartalia
182,504	51,460	NYSE	SQB	3.01	1.28	44¼	Princeton, NJ	23.5	Richard M Furland
135,597	22,191	NYSE	STA	2.75	0.80	19	Decatur, Ill	4.4	Donald E Nordlund
2,730,000	341,229	NYSE	SD	4.03	2.40	32	San Francisco, Cal	42.5	George M Keller
3,915,000	292,184	NYSE	SN	6.25	2.80	39¾	Chicago, Ill	58.2	John E Swearingen
2,973,000	247,261	NYSE	SOH	7.63	2.55	35⅝	Cleveland, Ohio	53.3	Alton W Whitehouse Jr
66,728	26,896	NYSE	SWK	1.40	0.76	24½	New Britain, Conn	15.5	Donald W Davis
68,394	8,602	NASDAQ	STBK	5.88	0.78	27⅝	Boston, Mass	3.7	William S Edgerly
327,472	44,068	NYSE	STF	2.81	1.41	23¼	Westport, Conn	11.6	H Barclay Morley
175,932	60,784	NYSE	STY	2.17	1.06	22½	New York, NY	24.8	Dr W Clarke Wescoe
80,927	14,479	NYSE	STN	1.54	1.20	21½	New York, NY	35.9	Whitney Stevens
64,489	7,117	NYSE	SW	7.55	1.85	46½	New York, NY	15.0	Raymond C Foster
66,491	5,121	NYSE	SHP	6.87	1.12	54½	Boston, Mass	29.0	Avram J Goldberg
190,466	34,125	NYSE	STK	1.84	none	21¼	Louisville, Colo	15.5	Jesse I Aweida
35,540	4,772	NASDAQ	SUBC	3.95	1.68	21⅞	Bethesda, Md	1.8	Robert F Tardio
15,519	4,091	NASDAQ	SUMI	1.68	1.16	12¼	San Francisco, Cal	1.7	Teruhisa Shimizu
62,070	15,258	NYSE	SU	2.66	1.02	22⅛	Orlando, Fla	5.3	Joel R Wells Jr
1,954,000	118,107	NYSE	SUN	4.49	2.25	31⅜	Radnor, Pa	43.3	Theodore A Burtis
123,476	18,300	NYSE	SNS	3.77	1.80	44	Rockford, Ill	14.6	Evans W Erikson
7,225	1,562	ASE	SFS	1.70	0.46	18	Dayton, Ohio	1.9	Jack Twyman
112,140E	36,820	NYSE	SVU	1.85	0.52	25⅞	Eden Prairie, Minn	20.0	Michael W Wright
941,782	127,376	NYSE	SOC	1.75	0.20	28¾	Houston, Tex	6.8	Frederic C Ackman
95,092	8,799	NYSE	SGL	4.38	0.64	37½	Woodbridge, NJ	30.5	Leonard Lieberman
31,751	4,996	ASE	SFT	5.07	1.04	26¼	Chicago, Ill	6.0	John A Copeland
50,636	20,892	NYSE	SYY	1.71	0.26	39¼	Houston, Tex	6.6	John F Woodhouse
48,208	11,245	NASDAQ	TPAX	3.84	2.65	50¼	Lake Success, NY	2.7	Edwin H Shutt
49,972	38,018	NASDAQ	TNDM	0.76	none	25⅜	Cupertino, Cal	3.6	James G Treybig
18,745	50,452	NASDAQ	TCOR	0.37	none	15¾	Chatsworth, Cal	1.8	Sirjang Lal Tandon
260,840	104,375	NYSE	TAN	2.17	none	50¾	Fort Worth, Tex	28.5	John V Roach
150,571	21,404	NYSE	TE	2.49	1.84	20¾	Tampa, Fla	2.9	Hugh L Culbreath
144,690	18,962	NYSE	TEK	4.25	1.00	57¾	Beaverton, Ore	23.6	Earl Wantland
70,054	20,914	NASDAQ	TCOMA	0.47	none	27¾	Englewood, Colo	3.2	John C Malone
356,500	20,658	NYSE	TDY	14.01	none	129⅜	Los Angeles, Cal	45.5	Henry E Singleton
2,240,607	136,310	NYSE	TGT	5.74	2.63	32⅜	Houston, Tex	99.8	James L Ketelsen
119,724	13,708	NYSE	TSO	2.90	0.40	16⅞	San Antonio, Tex	3.6	Robert V West Jr
2,691,000	258,115	NYSE	TX	4.92	3.00	31⅛	White Plains, NY	63.5	John K McKinley
–32,801	12,682	ASE	TEX	–7.27	0.16	10¾	Houston, Tex	13.8	Francisco A Lorenzo
67,782	8,825	NYSE	TXA	4.82	1.32	28¼	Fort Worth, Tex	3.1	Lewis H Bond
254,000	31,811	NYSE	TCB	5.35	1.10	37⅜	Houston, Tex	7.7	Ben F Love
509,393	25,856	NYSE	TET	6.28	3.95	58	Houston, Tex	6.2	I David Bufkin
252,763	20,260	NYSE	TXG	5.49	2.02	26⅜	Owensboro, Ky	9.8	Dennis R Hendrix
482,500	23,652	NYSE	TXN	6.10	2.00	134⅜	Dallas, Tex	81.9	Mark Shepherd Jr

All share data adjusted for stock splits and stock dividends through May 9, 1983.

E: Estimate.

The Dimensions of American Business

Where they rank: 1982				Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
Assets	Sales	Market value	Net profits					
384	328	75	104	Texas Oil & Gas (Aug)	2,462,897	1,878,557	3,241,118	247,093
92	200	89	43	Texas Utilities (Dec)	8,021,407	3,238,025	2,683,277	428,646
457	227	347	328	Textron (Dec)	2,038,200	2,936,000	812,013	84,400
301	■	■	■	Third National (Dec)	3,134,560	374,981	121,822	27,023
■	488	■	■	Thrifty Corp (Aug)	390,973	1,126,203	185,431	18,302
■	■	■	383	Tidewater (Mar)	654,119	466,341	425,570	71,468
388	409	■	■	Tiger International (Dec)	2,454,377	1,446,008	143,956	–136,223
324	176	83	190	Time Inc (Dec)	2,896,337	3,564,328	2,958,928	153,115
440	298	116	209	Times Mirror (Dec)	2,135,594	2,200,399	2,131,416	139,874
■	■	482	■	Timken (Dec)	1,014,760	1,014,361	573,272	–3,001
442	■	■	273	Toledo Edison (Dec)	2,121,868	481,725	550,683	105,534
312	■	■	367	[27]Torchmark (Dec)	3,036,888	947,822	490,941	75,377
■	183	■	244	Tosco (Dec)	1,298,067	3,465,964	206,046	120,913
■	■	197	410	Toys "R" Us (Jan)	559,008	1,041,735	1,428,980	64,162
259	105	442	■	Trans World (Dec)	3,535,520	5,107,863	638,087	29,925
72	132	190	154	Transamerica (Dec)	10,423,338	4,326,295	1,472,017	180,780
238	157	462	213	[28]Transco Energy (Dec)	3,866,224	3,869,329	607,261	136,952
434	■	■	■	TRANSOHIO Financial (Dec)	2,175,609	217,282	21,279	–24,258
24	36	127	75	Travelers (Dec)	27,988,700	11,380,700	2,026,066	309,900
206	■	■	463	Trust Company of Georgia (Dec)	4,510,559	481,512	377,127	52,487
303	103	102	142	TRW (Dec)	3,124,847	5,131,872	2,389,191	196,260
■	■	497	358	Tucson Electric Power (Dec)	1,602,215	343,774	560,365	76,436
■	293	■	■	Turner Construction (Dec)	476,743	2,235,902	57,257	10,739
201	99	290	■	UAL (Dec)	4,578,894	5,319,709	984,533	10,950
456	392	191	241	Union Camp (Dec)	2,045,012	1,526,014	1,466,726	124,021
70	47	54	76	Union Carbide (Dec)	10,615,600	9,061,500	3,709,340	309,700
197	459	242	132	Union Electric (Dec)	4,630,797	1,217,705	1,160,693	205,466
87	40	37	21	Union Oil Company of California (Dec)	8,511,300	10,390,400	4,623,245	804,000
79	84	29	69	Union Pacific (Dec)	9,999,010	5,818,325	5,372,993	326,759
■	321	■	■	Uniroyal (Dec)	1,380,920	1,969,448	315,100	25,598
260	■	■	■	United Banks of Colorado (Dec)	3,522,248	414,670	142,290	21,406
■	152	■	■	United Brands (June)	1,265,262	3,972,506	103,845	2,750
321	94	377	158	United Energy Resources (Dec)	2,926,060	5,561,826	754,618	178,644
■	■	■	403	United Illuminating (Dec)	982,852	436,730	272,697	65,755
287	■	■	■	United Jersey Banks (Dec)	3,232,127	331,069	105,675	18,133
348	■	■	■	United Missouri Bancshares (Dec)	2,718,799	225,264	139,886	29,187
144	■	■	467	U S Bancorp (Dec)	5,756,309	690,125	320,706	52,067
■	432	334	■	United States Gypsum (Dec)	1,135,443	1,324,838	839,108	43,890
■	448	474	425	United States Shoe (Jan)	590,407	1,254,138	585,626	60,116
42	18	113	■	United States Steel (Dec)	19,432,000	18,375,000	2,144,058	–361,000
■	■	432	447	U S Tobacco (Dec)	332,758	320,448	648,306	55,335
423	■	■	■	U S Trust (Dec)	2,255,520	250,948	141,750	15,366
93	28	80	44	United Technologies (Dec)	7,993,376	13,577,129	3,074,738	426,874
190	268	153	136	United Telecommunications (Dec)	4,753,696	2,419,169	1,699,037	201,563
187	■	■	■	United Virginia Bankshares (Dec)	4,847,711	524,408	288,825	41,213
■	449	■	■	Universal Leaf Tobacco (June)	419,319	1,252,646	231,691	34,271
463	335	200	236	Upjohn (Dec)	2,013,985	1,835,625	1,401,777	126,020
■	443	423	428	USAir Group (Dec)	1,062,250	1,273,012	659,447	59,104
174	284	215	254	USF&G (Dec)	5,079,268	2,305,973	1,307,299	114,134

■ Not on 500 list.

[27]Formerly Liberty National Insurance Holding.

[28]Formerly Transco Companies.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
	Share data: 1982								
551,253	95,327	NYSE	TXO	2.59	0.26	34	Dallas, Tex	3.4	Forrest E Hoglund
680,406	114,182	NYSE	TXU	3.85	2.00	23½	Dallas, Tex	16.1	T Louis Austin Jr
135,600	34,190	NYSE	TXT	2.30	1.80	23¾	Providence, RI	45.0	Robert P Straetz
50,669	5,601	NASDAQ	TDAT	4.83	1.15	21¾	Nashville, Tenn	3.1	Charles J Kane
36,141	9,956	NYSE	TFD	1.84	0.80	18⅝	Los Angeles, Cal	14.0	Leonard H Straus
144,295	16,527	NYSE	TDW	4.12	0.88	25¾	New Orleans, La	4.0	John P Laborde
–67,564	16,936	NYSE	TGR	–8.04	none	8½	Los Angeles, Cal	13.6	Wayne M Hoffman
299,709	56,766	NYSE	TL	2.45	1.00	52⅛	New York, NY	25.5	J Richard Munro
256,380	34,171	NYSE	TMC	4.09	2.00	62⅜	Los Angeles, Cal	27.2	Robert F Erburu
80,238	11,296	NYSE	TKR	–0.27	3.00	50¾	Canton, Ohio	18.2	William R Timken Jr
129,273	26,223	NYSE	TED	3.18	2.36	21	Toledo, Ohio	2.4	John P Williamson
317,209	18,792	NYSE	TMK	4.01	1.50	26⅛	Birmingham, Ala	6.2	Frank P Samford Jr
146,331	18,521	NYSE	TOS	5.48	1.00	11⅛	Los Angeles, Cal	3.1	Morton M Winston
78,348	35,067	NYSE	TOY	1.75	none	40¾	Rochelle Park, NJ	10.9	Charles Lazarus
276,221	22,389	NYSE	TW	0.25	none	28½	New York, NY	94.7	L Edwin Smart
650,951	62,974	NYSE	TA	2.86	1.43	23⅜	San Francisco, Cal	27.6	James R Harvey
525,014	23,698	NYSE	E	5.26	1.80	25⅛	Houston, Tex	3.2	William J Bowen
–22,388	3,783	NYSE	TFC	–6.41	none	5⅜	Cleveland, Ohio	0.7	Warner B Bishop
3,059,300	83,982	NYSE	TIC	3.67	1.64	24⅛	Hartford, Conn	29.1	Edward H Budd
80,702	14,985	NASDAQ	TRGA	3.54	0.85	25¼	Atlanta, Ga	4.5	Robert Strickland
268,359	35,330	NYSE	TRW	5.49	2.55	67⅝	Cleveland, Ohio	88.5	Ruben F Mettler
209,590	22,641	NYSE	TEP	3.11	1.92	24¾	Tucson, Ariz	1.2	Theodore M Welp
13,940	1,862	ASE	TUR	5.43	1.80	30¾	New York, NY	2.5	Walter B Shaw
383,202	29,610	NYSE	UAL	0.36	none	33¼	Elk Grove Township, Ill	57.0	Richard J Ferris
271,446	24,344	NYSE	UCC	5.10	3.00	60¼	Wayne, NJ	16.0	Peter J McLaughlin
714,400	70,153	NYSE	UK	4.47	3.40	52⅞	Danbury, Conn	106.7	Warren M Anderson
181,397	84,414	NYSE	UEP	2.17	1.58	13¾	St Louis, Mo	7.2	Charles J Dougherty
1,987,100	173,643	NYSE	UCL	4.63	1.00	26⅝	Los Angeles, Cal	19.7	Fred L Hartley
788,137	114,319	NYSE	UNP	3.38	1.80	47	New York, NY	28.0	William S Cook
77,140	26,817	NYSE	R	0.78	none	11¾	Middlebury, Conn	22.7	Joseph P Flannery
48,975	9,180	NASDAQ	UBKS	2.19	1.00	15½	Denver, Colo	3.2	N Berne Hart
31,510	12,217	NYSE	UB	0.06	0.35	8½	New York, NY	48.5	Seymour Milstein
398,659	27,820	NYSE	UER	6.42	2.22	27⅛	Houston, Tex	4.1	J Hugh Roff Jr
62,255	10,694	NYSE	UIL	5.39	2.88	25½	New Haven, Conn	1.5	John D Fassett
31,850	5,751	NYSE	UJB	3.17	1.15	18⅜	Princeton, NJ	2.9	T Joseph Semrod
42,887	6,082	NASDAQ	UMSB	4.84	0.91	23	Kansas City, Mo	2.0	R Crosby Kemper
119,767	17,817	NASDAQ	USBC	2.91	0.99	18	Portland, Ore	5.5	John A Elorriaga
114,522	16,616	NYSE	USG	2.61	2.40	50½	Chicago, Ill	15.7	Graham J Morgan
78,950	10,672	NYSE	USR	5.43	1.31	54⅞	Cincinnati, Ohio	24.5	Philip G Barach
620,000	102,098	NYSE	X	–3.75	1.75	21	Pittsburgh, Pa	120.0	David M Roderick
69,818	27,735	NYSE	UBO	2.01	0.93	23⅜	Greenwich, Conn	3.2	Louis F Bantle
24,393	4,500	NASDAQ	USTC	3.42	1.32	31½	New York, NY	1.6	Daniel P Davison
789,998	54,300	NYSE	UTX	6.73	2.40	56⅝	Hartford, Conn	186.8	Harry J Gray
639,299	81,391	NYSE	UT	2.49	1.72	20⅞	Westwood, Kan	29.8	Paul H Henson
68,475	5,986	NASDAQ	UVBK	7.21	2.18	48¼	Richmond, Va	4.8	Joseph A Jennings
43,853	8,702	NYSE	UVV	3.93	1.61	26⅝	Richmond, Va	14.0	Gordon L Crenshaw
191,562	30,227	NYSE	UPJ	4.18	2.28	46⅜	Kalamazoo, Mich	21.3	Ray T Parfet Jr
146,753	19,833	NYSE	U	3.35	0.12	33¼	Washington, DC	10.9	Edwin I Colodny
800,199	28,811	NYSE	FG	3.98	3.50	45⅜	Baltimore, Md	9.0	Jack Moseley

All share data adjusted for stock splits and stock dividends through May 9, 1983.

The Dimensions of American Business

Where they rank: 1982				Company (fiscal year end)	Assets ($000)	Sales ($000)	Market value of common ($000)	Net profits ($000)
Assets	Sales	Market value	Net profits					
293	■	■	350	USLIFE (Dec)	3,220,580	899,668	427,478	78,650
345	■	273	222	Utah Power & Light (Dec)	2,736,488	782,070	1,066,569	133,443
■	327	■	338	Valero Energy (Dec)	1,226,634	1,901,132	537,986	81,650
110	■	■	473	Valley National (Dec)	7,183,032	807,330	295,085	50,543
■	■	458	■	Varian Associates (Sept)	524,141	691,199	610,852	26,500
■	■	431	301	VF (Dec)	455,983	879,528	648,820	91,623
105	279	152	91	Virginia Electric & Power (Dec)	7,359,356	2,360,770	1,718,071	278,589
237	■	■	■	Virginia National Bankshares (Dec)	3,874,158	444,364	172,422	31,397
■	■	453	450	Vulcan Materials (Dec)	710,319	719,407	618,408	54,660
116	■	■	457	Wachovia (Dec)	6,916,367	809,757	490,971	53,432
■	190	68	240	Wal-Mart Stores (Jan)	1,188,000	3,347,743	3,352,199	124,140
■	401	■	■	Waldbaum (Dec)	273,134	1,491,363	100,947	16,825
■	312	320	445	Walgreen (Aug)	616,434	2,039,496	858,559	56,064
■	473	53	268	Wang Laboratories (June)	1,187,865	1,159,309	3,711,867	107,139
298	151	114	100	Warner Communications (Dec)	3,186,355	3,989,985	2,140,282	257,811
323	199	109	160	Warner-Lambert (Dec)	2,906,357	3,245,967	2,253,418	174,970
280	■	■	■	Washington National (Dec)	3,289,737	914,300	264,054	24,602
■	■	363	465	Washington Post (Dec)	501,223	800,824	780,793	52,413
■	■	■	427	Washington Water Power (Dec)	1,069,175	346,853	368,852	59,388
■	■	98	270	Waste Management (Dec)	1,169,681	966,548	2,521,295	106,524
27	195	448	211	Wells Fargo (Dec)	24,814,047	3,290,312	634,438	138,638
■	■	465	■	Wendy's International (Dec)	455,958	604,290	595,910	44,102
■	496	■	■	West Point-Pepperell (Aug)	651,401	1,110,573	392,768	43,067
■	■	■	442	Western Company of North America (Dec)	1,257,324	688,306	389,923	56,650
369	■	■	■	[29]Western Savings & Loan Association (Dec)	2,619,529	268,589	30,910	–38,656
455	■	271	335	Western Union (Dec)	2,045,119	1,024,950	1,071,494	82,312
88	44	65	41	Westinghouse Electric (Dec)	8,427,300	9,745,400	3,399,113	449,300
■	408	406	414	Westvaco (Oct)	1,342,998	1,449,664	695,054	63,093
■	323	■	■	Wetterau (Mar)	327,061	1,957,198	137,083	1,849
140	138	38	208	Weyerhaeuser (Dec)	5,924,391	4,186,224	4,593,744	140,016
■	287	173	210	Whirlpool (Dec)	1,261,642	2,271,305	1,593,813	139,015
■	318	■	■	White Consolidated Industries (Dec)	1,200,088	1,989,563	481,212	31,760
454	■	■	■	Whitney Holding (Dec)	2,046,996	237,512	292,084	38,200
■	358	■	429	Whittaker (Oct)	919,664	1,673,604	363,600	58,688
483	251	■	■	Wickes Cos (Jan)	1,912,985[30]	2,638,215	56,401	–248,68[illegible]
■	■	479	■	Willamette Industries (Dec)	966,328	928,745	575,423	5,345
407	356	■	■	Williams Cos (Dec)	2,369,791	1,691,315	506,124	34,333
■	294	■	■	Wilson Foods (July)	284,836	2,232,600	56,451	12,909
■	69	252	279	Winn-Dixie Stores (June)	1,039,600	6,764,472	1,124,791	103,513
410	436	376	227	Wisconsin Electric Power (Dec)	2,354,563	1,302,910	755,664	131,645
■	■	■	493	Wisconsin Power & Light (Dec)	929,809	512,477	294,792	47,355
■	435	■	■	Witco Chemical (Dec)	661,679	1,305,418	259,930	29,842
380	104	356	■	F W Woolworth (Jan)	2,489,000	5,124,000	792,422	–353,000
■	■	■	443	Wyman-Gordon (Dec)	378,909	473,070	491,360	56,386
97	52	77	45	Xerox (Dec)	7,667,700	8,455,600	3,166,186	423,700
■	■	■	290	Zapata (Sept)	1,168,463	537,094	310,473	95,346
■	299	■	■	Zayre (Jan)	747,649	2,195,343	511,315	35,176
■	453	■	■	Zenith Radio (Dec)	682,900	1,239,200	272,119	–21,800
428	■	■	■	Zions Utah Bancorporation (Dec)	2,213,581	267,440	145,496	22,323

■ Not on 500 list.

[29]Formerly Western Financial.

[30]Assets as of 10/31/82.

NA: not available.

A Summary of the 500s' Rankings

Cash flow ($000)	Shares outstanding (000)	Where traded	Ticker symbol	Primary earnings	Dividends	Market price (Dec. 31)	Corporate headquarters	Number of employees (000)	Chief executive
	Share data: 1982								
210,325	18,586	NYSE	USH	3.50	0.85	23	New York, NY	4.0	Gordon E Crosby Jr
226,615	50,789	NYSE	UTP	2.38	2.24	21	Salt Lake City, Utah	4.4	Harry Blundell
137,744	22,185	NYSE	VLO	3.21	0.34	24¼	San Antonio, Tex	1.9	William E Greehey
114,563	16,862	NASDAQ	VNCP	3.00	1.16	17½	Phoenix, Arix	7.0	Roger A Lyon
37,162	18,868	NYSE	VAR	1.48	0.26	32⅜	Palo Alto, Cal	12.7	Thomas D Sege
107,297	16,374	NYSE	VFC	5.63	1.30	39⅝	Wyomissing, Pa	20.5	Lawrence R Pugh
612,873	119,518	NYSE	VEL	1.98	1.53	14⅜	Richmond, Va	12.2	William W Berry
48,798	7,579	NASDAQ	VNAT	4.23	1.45	22¾	Norfolk, Va	4.7	Clifford A Cutchins III
126,451	11,452	NYSE	VMC	4.73	2.44	54	Birmingham, Ala	5.9	W Houston Blount
78,068	15,403	NYSE	WB	3.33	1.28	31⅞	Winston-Salem, NC	6.3	John G Medlin Jr
164,443	67,212	NYSE	WMT	1.82	0.17	49⅞	Bentonville, Ark	43.5	Sam M Walton
35,353	2,622	NASDAQ	WALD	6.29	none	38½	Central Islip, NY	6.5	Ira Waldbaum
94,690	30,594	NYSE	WAG	1.87	0.53	28⅛	Deerfield, Ill	31.0	Charles R Walgreen III
189,012	125,826	ASE	WAN B	0.88	0.07	29½	Lowell, Mass	17.7	An Wang
352,490	63,889	NYSE	WCI	3.96	1.00	33½	New York, NY	22.1	Steven J Ross
244,401	79,767	NYSE	WLA	2.20	1.40	28¼	Morris Plains, NJ	43.5	Ward S Hagan
201,359	10,833	NYSE	WNT	2.07	1.08	24⅜	Evanston, Ill	6.1	Stanley P Hutchison
81,302	14,132	ASE	WPO B	3.70	0.56	55¼	Washington, DC	5.4	Katharine Graham
69,194	17,776	NYSE	WWP	3.17	2.40	20¾	Spokane, Wash	1.4	Wendell J Satre
197,952	47,127	NYSE	WMX	2.40	0.46	53½	Oak Brook, Ill	14.3	Dean L Buntrock
275,650	23,607	NYSE	WFC	5.81	1.92	26⅞	San Francisco, Cal	17.8	Carl E Reichardt
74,047	40,746	NYSE	WEN	1.13	0.20	14⅝	Dublin, Ohio	27.5	Robert L Barney
83,849	10,235	NYSE	WPM	4.27	1.80	38⅜	West Point, Ga	22.0	Joseph L Lanier Jr
131,109	[illegible],935	NYSE	WSN	1.27	0.24	8⅞	Fort Worth, Tex	6.4	John A Fanning
–34,296	2,078	ASE	WFN	–19.52	none	14⅞	Phoenix, Ariz	1.1	Gary H Driggs
229,120	23,944	NYSE	WU	3.34	1.40	44¾	Upper Saddle River, NJ	15.0	Robert M Flanagan
746,800	87,437	NYSE	WX	5.16	1.80	38⅞	Pittsburgh, Pa	145.3	Robert E Kirby
173,038	26,862	NYSE	W	2.40	1.20	25⅞	New York, NY	14.9	David L Luke III
16,011	7,669	NASDAQ	WETT	0.25	0.80	17⅞	Hazelwood, Mo	4.6	Ted C Wetterau
573,258	127,604	NYSE	WY	0.90	1.30	36	Tacoma, Wash	41.8	George H Weyerhaeuser
232,522	36,430	NYSE	WHR	3.83	1.65	43¾	Benton Harbor, Mich	19.1	Jack D Sparks
86,021	13,367	NYSE	WSW	2.10	1.50	36	Cleveland, Ohio	24.4	Roy H Holdt
52,800	2,132	OTC	–	17.88	7.50	137	New Orleans, La	0.9	Patrick A Delaney
80,528	14,400	NYSE	WKR	3.77	1.60	25¼	Los Angeles, Cal	17.2	Joseph F Alibrandi
NA	14,555	NYSE	QWIX	–17.12	none	3⅞	Santa Monica, Cal	34.8	Sanford C Sigoloff
72,788	15,243	NASDAQ	WMTT	0.35	1.50	37¾	Portland, Ore	8.2	William Swindells Jr
163,257	29,772	NYSE	WMB	1.15	1.20	17	Tulsa, Okla	6.6	Joseph H Williams
25,799	5,865	NASDAQ	WILF	2.55	none	9⅝	Oklahoma City, Okla	9.1	Kenneth J Griggy
215,226	25,135	NYSE	WIN	4.18	2.28	44¾	Jacksonville, Fla	63.8	A Dano Davis
260,026	33,216	NYSE	WPC	3.60	1.90	22¾	Milwaukee, Wisc	6.2	Charles S McNeer
107,151	12,283	NYSE	WPL	3.51	2.20	24	Madison, Wisc	2.4	James R Underkofler
76,176	9,452	NYSE	WIT	3.15	1.80	27½	New York, NY	8.1	William Wishnick
638,000	30,625	NYSE	Z	–11.71	1.80	25⅞	New York, NY	152.1	John W Lynn
79,310	19,269	NASDAQ	WYMN	2.95	0.80	25½	Worcester, Mass	3.8	Joseph R Carter
1,538,300	84,714	NYSE	XRX	5.00	3.00	37⅜	Stamford, Conn	113.9	David T Kearns
206,272	19,106	NYSE	ZOS	4.73	0.72	16¼	Houston, Tex	5.3	Ronald C Lassiter
68,543	8,331	NYSE	ZY	4.74	0.38	61⅜	Framingham, Mass	33.0	Maurice Segall
6,700	18,930	NYSE	ZE	–1.15	0.15	14⅜	Glenview, Ill	26.0	Revone W Kluckman
35,946	5,596	NASDAQ	ZION	3.75	0.91	26	Salt Lake City, Utah	1.5	Roy W Simmons

All share data adjusted for stock splits and stock dividends through May 9, 1983.

General notes: 1) List includes U.S.-based publicly owned companies. 2) Sales figures exclude excise taxes. 3) Market value is derived by multiplying the Dec. 31, 1982 closing price of the common stock by the number of shares outstanding at that date. 4) Net profits, cash flow and primary earnings per share include discontinued operations before extraordinary items. Companies with insurance operations exclude realized gains or losses. 5) Cash flow is total funds provided from operations. 6) Indicated dividend is shown for companies formed due to merger. 7) 1982 figures were used for those February fiscal-year companies for which 1983 results were not available at press time.

The country's 808 largest companies cut nearly three-quarters of a million jobs from their payrolls in 1982. Has the bottom been reached in a long and difficult downsizing?

Productivity is painful

The tables that follow rank the 808 companies that appear on one or more of The Forbes 500s lists by the number of people they employ, the assets that stand behind those employees, and the sales and profits, on average, each of them produces.

Overall, these 808 big companies employed 21.6 million people, or one out of every five working Americans, and in 1982 they cut 743,000 jobs from their payrolls.

Here's a look at the year-to-year comparisons:

	1982	1981	Change
Total jobs:	21,611,700	22,355,000	–3.3%
Average sales per employee:	$193,500	$184,600	+4.8%
Average profits per employee:	$ 10,000	$ 10,200	–2.0%
Average assets per employee:	$628,300	$576,800	+8.9%

The most important numbers are in the last three columns of each company listing, showing sales, profits and assets per employee. They can give a rough idea of how well each business uses its people. But be careful about extremes at either end, which can be misleading. Banks, for example, will show high per-employee assets, while energy companies ordinarily will have greater per-employee sales and profits figures than labor-intensive businesses like retailers. The best way to use these tables is to compare companies in the same business and with roughly the same per-worker asset base.

Of those 21.6 million workers, about one in five is employed by the top ten companies on the list. In 1982 these ten big employers trimmed 5%, or some 200,000 jobs, from their work force—a significantly greater percentage decrease, in other words, than the 3.3% cut by the 808 overall. Only IBM and Sears, Roebuck among the top ten employed more workers in 1982 than in 1981. In contrast, General Motors alone cut its work force by 84,000—part of the long downsizing in the automobile industry that since 1979 has seen GM, Ford and Chrysler together slash nearly 350,000 jobs.

Productivity is painful.

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
1	American Tel & Tel	1,015.9	64.1 (713)	6.9 (387)	145.9 (405)
2	General Motors	657.0	91.4 (552)	1.5 (673)	63.0 (589)
3	Sears, Roebuck	401.8	74.7 (639)	2.1 (637)	91.2 (495)
4	Ford Motor	379.2	97.7 (514)	–1.7 (759)	57.9 (623)
5	General Electric	367.0	72.2 (658)	5.0 (467)	58.9 (614)
6	IBM	359.9	95.5 (526)	12.3 (216)	90.4 (497)
7	Intl Tel & Tel	303.5	72.2 (658)	2.3 (624)	96.1 (480)
8	K mart	245.0	68.5 (681)	1.1 (698)	30.0 (756)
9	GTE	200.0	60.3 (731)	4.2 (497)	111.5 (452)
10	Mobil	197.2	304.0 (83)	7.0 (380)	184.8 (377)
11	United Technologies	186.8	72.7 (654)	2.3 (624)	42.8 (691)
12	J C Penney	176.0	64.9 (710)	2.2 (629)	45.1 (679)
13	Exxon	173.0	561.7 (32)	24.2 (96)	360.0 (328)
14	E I du Pont	171.1	194.1 (218)	5.2 (460)	142.3 (408)
15	Safeway Stores	156.9	112.4 (442)	1.0 (705)	24.8 (781)
16	F W Woolworth	152.1	33.7 (797)	–2.3 (762)	16.4 (803)
17	Westinghouse Elec	145.3	67.1 (689)	3.1 (572)	58.0 (622)
18	Eastman Kodak	136.5	79.3 (619)	8.5 (323)	77.8 (540)
19	Goodyear	131.1	66.3 (694)	1.9 (649)	39.6 (710)
20	McDonald's	130.7	20.8 (806)	2.3 (624)	25.0 (780)
21	Kroger	129.6	91.8 (548)	1.1 (698)	21.1 (798)
22	PepsiCo	126.5	59.3 (734)	1.8 (657)	33.2 (746)
23	Federated Dept Stores	124.6	61.8 (723)	1.9 (649)	36.7 (725)
24	United States Steel	120.0	153.1 (295)	–3.0 (767)	162.0 (392)
25	ARA Services	115.0	24.4 (803)	0.3 (736)	10.5 (808)
26	Gulf & Western Inds	114.5	56.1 (742)	1.5 (673)	95.2 (482)
27	RCA	114.3	81.7 (607)	1.9 (649)	113.2 (448)
28	Xerox	113.9	74.2 (645)	3.7 (526)	67.3 (567)
29	Union Carbide	106.7	84.9 (586)	2.9 (581)	99.5 (472)
30	Rockwell Intl	101.9	72.6 (656)	3.3 (560)	47.8 (670)
31	Tenneco	99.8	150.1 (301)	8.2 (333)	174.1 (383)
32	Halliburton	96.5	75.5 (635)	5.1 (464)	57.8 (624)
33	Boeing	95.7	94.4 (534)	3.0 (577)	79.3 (531)
34	Marriott	95.5	26.6 (802)	1.0 (705)	21.6 (794)
35	Honeywell	95.5	57.5 (740)	2.8 (588)	46.8 (675)
36	Trans World	94.7	53.9 (758)	0.3 (736)	37.3 (722)
37	R J Reynolds Inds	92.8	117.5 (417)	9.4 (291)	111.6 (451)
38	Sperry	90.6	61.5 (726)	2.4 (615)	59.0 (612)

Ranking The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
39	Minn Mining & Mfg	89.4	73.8 (647)	7.1 (377)	61.7 (595)
40	Consolidated Foods	88.9	67.9 (684)	1.8 (657)	27.0 (771)
41	TRW	88.5	58.0 (739)	2.2 (629)	35.3 (736)
42	BankAmerica	86.4	173.1 (249)	4.5 (482)	1414.8 (69)
43	Household Intl	86.0	90.3 (561)	1.5 (673)	95.8 (481)
44	W R Grace	85.6	71.6 (662)	3.7 (526)	57.4 (626)
45	Texas Instruments	81.9	52.9 (762)	1.8 (657)	32.1 (751)
46	Hospital Corp of Am	80.0	37.2 (794)	2.1 (637)	45.0 (680)
46	Beatrice Foods	80.0	112.8 (440)	4.5 (482)	59.3 (610)
48	Dart & Kraft	79.9	124.8 (380)	4.4 (486)	64.2 (582)
49	Motorola	79.8	47.4 (783)	2.1 (637)	35.5 (734)
50	General Dynamics	79.8	77.2 (629)	1.7 (663)	33.1 (748)
51	Johnson & Johnson	78.4	73.5 (650)	6.7 (394)	53.7 (644)
52	Dayton-Hudson	77.5	73.0 (652)	2.7 (596)	38.5 (716)
53	Litton Industries	75.9	65.2 (707)	4.2 (497)	50.6 (664)
54	Raytheon	74.3	74.3 (643)	4.3 (490)	47.3 (673)
55	Chrysler	73.7	136.3 (344)	1.4 (681)	85.0 (510)
56	General Mills	73.6	72.2 (658)	3.1 (572)	36.7 (725)
57	McDonnell Douglas	73.4	99.9 (505)	2.9 (581)	63.0 (589)
58	Caterpillar Tractor	73.2	88.3 (570)	–2.5 (764)	98.3 (474)
59	Philip Morris	72.0	126.4 (374)	10.9 (246)	134.6 (415)
60	Lockheed	70.8	79.3 (619)	2.9 (581)	34.8 (741)
61	Firestone	69.0	56.1 (742)	0.0 (744)	38.7 (715)
62	May Dept Stores	68.7	53.5 (759)	2.1 (637)	38.2 (720)
63	Bethlehem Steel	66.9	78.6 (624)	–22.0 (797)	68.9 (561)
64	Hewlett-Packard	66.0	64.5 (712)	5.8 (440)	52.6 (651)
65	City Investing	65.1	88.6 (568)	1.3 (688)	116.0 (445)
66	Digital Equipment	65.1	59.7 (732)	6.4 (407)	61.9 (592)
67	Allied Stores	65.0	50.0 (775)	1.4 (681)	35.1 (738)
67	Lucky Stores	65.0	122.7 (394)	1.4 (681)	24.8 (781)
69	Burroughs	64.5	63.5 (715)	1.4 (681)	64.0 (585)
70	NCR	64.0	55.1 (750)	3.7 (526)	52.7 (650)
71	Winn-Dixie Stores	63.8	106.1 (475)	1.6 (666)	16.3 (804)
72	Texaco	63.5	739.6 (22)	20.2 (121)	426.8 (301)
73	CSX	63.0	78.0 (627)	5.4 (452)	128.8 (419)
74	Procter & Gamble	62.4	192.2 (222)	12.5 (211)	120.4 (434)
75	Singer	62.0	40.7 (790)	–0.4 (749)	22.9 (790)
75	American Stores	62.0	121.1 (397)	1.5 (673)	23.3 (788)
77	Borg-Warner	61.7	51.8 (767)	2.7 (596)	39.9 (708)
78	American Express	61.2	132.3 (353)	9.5 (288)	462.9 (291)
79	Ralston Purina	61.1	78.6 (624)	1.1 (698)	34.6 (743)
80	Associated Dry Goods	60.5	52.7 (763)	1.3 (688)	28.1 (766)
81	Dow Chemical	60.2	176.4 (247)	5.7 (441)	196.1 (372)
82	Armco	59.8	104.9 (483)	–5.9 (780)	103.7 (465)
83	Citicorp	59.4	299.9 (91)	12.2 (219)	2188.5 (37)
84	Melville	59.4	54.9 (753)	2.4 (615)	21.0 (799)
85	General Foods	58.5	142.8 (321)	3.4 (547)	66.0 (575)
85	Burlington Inds	58.5	49.2 (778)	0.9 (715)	35.0 (739)
87	Control Data	58.3	73.6 (648)	2.6 (601)	118.5 (438)
88	Standard Oil Ind	58.2	482.0 (45)	31.4 (58)	417.1 (307)
89	Nabisco Brands	57.8	101.7 (498)	5.4 (452)	63.9 (586)
90	Pillsbury	57.6	58.8 (738)	2.4 (615)	42.2 (698)
91	UAL	57.0	93.3 (541)	0.2 (741)	80.3 (528)
92	Signal Cos	56.5	89.0 (566)	2.0 (646)	63.9 (586)
93	Carter Hawley Hale	55.5	55.0 (752)	0.9 (715)	33.9 (745)
94	Gulf Oil	55.0	516.9 (38)	16.4 (156)	371.6 (324)
95	Monsanto	54.8	115.4 (424)	6.0 (423)	110.9 (453)
96	Deere	54.6	84.4 (591)	1.0 (705)	108.7 (456)
97	Intl Harvester	54.5	78.8 (621)	–30.5 (802)	67.9 (565)
98	Standard Oil Ohio	53.3	247.0 (146)	35.3 (41)	300.7 (348)
99	Atlantic Richfield	52.9	500.2 (41)	31.7 (56)	408.9 (312)
100	Interco	52.8	48.7 (781)	1.6 (666)	29.3 (761)
101	Emerson Electric	52.7	66.5 (692)	5.7 (441)	44.0 (685)
102	American Home Prod	51.9	88.2 (571)	10.8 (248)	54.5 (640)
103	Allied Corp	51.3	120.3 (402)	5.3 (456)	122.3 (428)
104	Dresser Industries	51.0	81.7 (607)	3.4 (547)	64.9 (579)
105	Occidental Petroleum	50.8	358.2 (77)	3.1 (572)	310.2 (344)
106	American Brands	50.1	91.0 (554)	7.6 (359)	124.8 (423)
107	Southland	49.8	135.8 (347)	2.2 (629)	37.0 (724)
108	Burlington Northern	49.5	84.9 (586)	5.7 (441)	117.2 (442)
109	R H Macy	49.0	60.8 (727)	2.8 (588)	33.0 (749)
110	Owens-Illinois	48.8	73.6 (648)	0.8 (720)	61.4 (597)
111	Continental Group	48.7	114.3 (430)	3.7 (526)	117.6 (441)
112	United Brands	48.5	81.9 (604)	0.1 (743)	26.1 (776)
113	Beverly Enterprises	48.0	17.0 (808)	0.5 (729)	19.4 (801)
114	IC Industries	47.6	81.2 (611)	1.0 (705)	83.1 (515)
115	North Amer Philips	47.4	66.8 (691)	1.6 (666)	38.5 (716)
116	Greyhound	47.2	105.7 (479)	2.2 (629)	85.9 (509)
117	Southern Pacific	47.2	65.8 (701)	2.5 (610)	116.8 (444)
118	Allegheny Intl	46.7	60.7 (728)	1.0 (705)	44.5 (682)
119	Aetna Life & Cas	46.7	303.3 (84)	11.2 (242)	946.7 (165)
120	Levi Strauss	46.5	55.3 (748)	2.7 (596)	34.9 (740)
121	Teledyne	45.5	88.8 (567)	6.4 (407)	122.2 (430)
122	Kidde	45.0	59.0 (737)	1.9 (649)	42.4 (696)
122	Textron	45.0	65.2 (707)	1.9 (649)	45.3 (678)
124	Eaton	44.6	54.9 (753)	–4.2 (774)	45.5 (677)
125	Georgia-Pacific	44.0	122.8 (392)	1.2 (694)	117.0 (443)
126	Colgate-Palmolive	43.7	111.9 (444)	4.5 (482)	58.9 (614)
127	Fluor	43.6	168.1 (257)	3.5 (543)	107.7 (458)
128	Combustion Eng	43.5	82.0 (603)	3.6 (536)	64.9 (579)
129	Wal-Mart Stores	43.5	77.0 (630)	2.9 (581)	27.3 (769)
129	Warner-Lambert	43.5	74.6 (640)	4.0 (510)	66.8 (571)
131	Sun Company	43.3	358.8 (76)	12.4 (213)	277.9 (355)
132	Holiday Inns	42.7	33.4 (798)	1.8 (657)	40.0 (706)
133	American Standard	42.6	49.9 (776)	0.8 (720)	35.7 (731)
134	Standard Oil Calif	42.5	808.4 (19)	32.4 (53)	552.1 (256)
135	Great Atl & Pac Tea	42.5	108.4 (464)	0.5 (729)	25.7 (778)
136	LTV	42.4	112.8 (440)	–3.7 (771)	95.0 (483)
137	H J Heinz	42.0	87.8 (572)	4.6 (476)	50.7 (663)
138	Weyerhaeuser	41.8	100.2 (503)	3.4 (547)	141.8 (409)
139	AMR	41.6	100.5 (500)	–0.5 (750)	93.8 (487)
140	Norfolk Southern	41.3	81.4 (610)	10.0 (268)	164.9 (388)
141	Ingersoll-Rand	41.1	67.5 (686)	1.3 (688)	58.4 (618)
142	Martin Marietta	41.1	85.9 (583)	2.2 (629)	69.1 (560)
143	American Cyanamid	41.0	84.2 (594)	3.2 (564)	73.1 (547)
144	CIGNA	40.9	287.9 (99)	12.0 (223)	766.9 (196)
145	Alcoa	40.9	113.6 (434)	–0.2 (745)	146.4 (404)
146	Pfizer	40.8	84.8 (588)	8.2 (333)	92.0 (494)
147	Campbell Soup	40.2	73.3 (651)	3.7 (526)	46.4 (676)
148	Humana	39.8	38.1 (793)	3.2 (564)	43.9 (687)

Ranking The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
149	Champion Intl	39.4	94.9 (532)	1.0 (705)	88.2 (504)
150	Coca-Cola	39.4	158.8 (275)	13.0 (199)	125.1 (421)
151	CPC International	38.7	105.6 (480)	6.0 (423)	62.3 (591)
152	Penn Central	38.7	81.8 (605)	3.4 (547)	80.1 (529)
153	Eastern Air Lines	38.5	98.0 (512)	–1.9 (760)	83.9 (513)
154	Norton Simon	37.5	78.7 (623)	2.1 (637)	58.5 (616)
155	Delta Air Lines	37.4	96.8 (517)	0.6 (725)	71.1 (555)
156	Jewel Cos	37.2	149.8 (303)	2.4 (615)	39.6 (710)
157	Merrill Lynch	37.2	135.2 (350)	8.3 (328)	556.6 (253)
158	Pan Am Wrld Arwys	37.0	100.4 (502)	–13.1 (793)	72.9 (549)
159	PPG Industries	37.0	89.8 (563)	4.2 (497)	88.4 (503)
160	Natl Semiconductor	37.0	29.8 (800)	–0.3 (748)	21.2 (797)
161	Shell Oil	36.9	543.8 (35)	43.5 (26)	579.5 (247)
162	American Can	36.8	110.4 (454)	–3.6 (769)	71.9 (552)
163	Santa Fe Industries	36.5	86.5 (579)	4.9 (469)	129.6 (417)
164	Northwest Industries	36.5	63.2 (719)	5.1 (464)	54.8 (637)
165	FMC	36.4	96.0 (520)	4.2 (497)	75.9 (543)
166	Avon Products	36.1	83.1 (599)	5.4 (452)	61.9 (592)
167	Castle & Cooke	36.0	50.6 (771)	0.3 (736)	31.0 (753)
168	J P Stevens	35.9	50.6 (771)	0.6 (725)	29.8 (758)
169	Chase Manhattan	35.5	286.7 (100)	8.7 (314)	2279.1 (34)
170	Bristol-Myers	35.3	102.0 (496)	9.9 (270)	78.1 (536)
171	SmithKline Beckman	35.2	84.3 (593)	12.6 (209)	81.1 (523)
172	IU International	35.0	59.1 (736)	1.0 (705)	36.6 (727)
173	Cooper Industries	34.9	68.5 (681)	3.9 (516)	58.3 (620)
174	International Paper	34.9	115.2 (427)	4.6 (476)	159.7 (395)
175	Wickes Cos	34.8	75.9 (634)	–7.2 (784)	55.0 (636)
176	Natl Medical Entrprs	34.2	34.2 (796)	2.2 (629)	35.2 (737)
177	Genl Tire & Rubber	34.0	60.6 (729)	0.6 (725)	51.2 (658)
178	Revlon	33.6	70.1 (674)	3.3 (560)	67.7 (566)
179	Northrop	33.5	73.9 (646)	0.2 (741)	40.4 (705)
180	Borden	33.2	123.8 (389)	5.0 (467)	78.0 (537)
181	Zayre	33.0	66.5 (692)	1.1 (698)	22.7 (791)
182	Ogden	32.8	67.2 (688)	1.8 (657)	51.7 (655)
183	Hilton Hotels	32.5	18.4 (807)	2.6 (601)	28.9 (763)
183	Ashland Oil	32.5	272.8 (112)	5.6 (446)	129.6 (417)
185	CBS	32.5	124.7 (381)	3.5 (543)	82.6 (517)
186	Merck	32.2	95.1 (530)	12.9 (201)	113.3 (447)
187	Dana	32.1	75.5 (635)	1.6 (666)	61.8 (594)
188	Kimberly-Clark	32.1	91.8 (548)	6.2 (416)	83.0 (516)
189	Phillips Petroleum	32.1	489.8 (42)	20.2 (121)	377.4 (323)
190	McGraw-Edison	32.0	70.7 (671)	1.6 (666)	50.8 (662)
191	First Interstate Bancp	31.9	144.4 (317)	6.9 (387)	1281.5 (93)
192	B F Goodrich	31.9	94.3 (536)	–1.0 (755)	74.4 (545)
193	Abbott Laboratories	31.8	81.8 (605)	9.1 (299)	80.7 (524)
194	Blue Bell	31.5	41.0 (789)	1.2 (694)	23.5 (787)
195	Amer Hospital Supply	31.5	94.4 (534)	7.3 (369)	64.2 (582)
196	Gillette	31.3	71.6 (662)	4.3 (490)	53.4 (646)
197	Inland Steel	31.0	90.6 (557)	–4.3 (775)	84.8 (511)
198	Walgreen	31.0	65.8 (701)	1.8 (657)	19.9 (800)
198	Albertson's	31.0	127.1 (371)	1.9 (649)	26.8 (772)
200	Corning Glass Works	30.9	51.2 (769)	2.4 (615)	58.3 (620)
201	Emhart	30.8	55.5 (746)	2.6 (601)	32.5 (750)
202	Esmark	30.7	107.6 (468)	3.5 (543)	57.3 (627)
203	Supermarkets General	30.5	106.5 (473)	1.2 (694)	22.7 (791)
204	Republic Steel	30.3	90.5 (558)	–8.1 (786)	100.3 (468)
205	Baxter Travenol Labs	30.1	55.5 (745)	6.2 (416)	59.6 (608)
206	Amer Medical Intl	30.0	38.5 (792)	2.6 (601)	40.7 (704)
207	Reynolds Metals	29.9	99.7 (506)	–0.8 (751)	111.9 (450)
208	United Telecom	29.8	81.1 (612)	6.8 (391)	159.4 (397)
209	Southern Company	29.4	167.5 (260)	15.3 (166)	418.2 (306)
210	Jack Eckerd	29.3	71.1 (666)	2.4 (615)	25.8 (777)
211	Travelers	29.1	391.6 (65)	10.7 (252)	963.0 (162)
212	Stop & Shop Cos	29.0	80.8 (614)	1.2 (694)	21.3 (796)
213	Eli Lilly	29.0	102.3 (493)	14.2 (180)	109.0 (455)
214	Tandy	28.5	71.3 (665)	7.9 (345)	43.1 (689)
215	Quaker Oats	28.5	95.3 (529)	3.4 (547)	51.9 (653)
216	Boise Cascade	28.4	102.5 (491)	0.3 (736)	93.7 (488)
217	Grumman	28.0	71.7 (661)	0.9 (715)	35.8 (729)
217	Union Pacific	28.0	208.2 (195)	11.7 (233)	357.7 (330)
219	Transamerica	27.6	156.7 (283)	6.6 (400)	377.7 (322)
220	Wendy's International	27.5	22.0 (804)	1.6 (666)	16.6 (802)
221	Celanese	27.4	111.8 (445)	–1.2 (756)	104.5 (462)
222	Loews	27.2	164.7 (265)	8.1 (340)	382.4 (320)
223	Times Mirror	27.2	80.9 (613)	5.1 (464)	78.6 (534)
224	Crown Zellerbach	27.1	108.9 (462)	–4.1 (772)	88.1 (505)
225	Security Pacific	27.1	166.0 (263)	8.7 (314)	1367.1 (79)
226	Mfrs Hanover	27.0	282.5 (107)	10.9 (246)	2367.9 (30)
227	Brown Group	27.0	51.7 (768)	2.2 (629)	23.0 (789)
228	St Regis Paper	26.9	95.0 (531)	1.7 (663)	106.0 (459)
229	National Steel	26.9	145.3 (314)	–17.3 (795)	356.7 (331)
230	Pitney Bowes	26.6	54.6 (755)	3.1 (572)	50.2 (665)
231	General Instrument	26.6	36.0 (795)	3.4 (547)	29.1 (762)
231	SCM	26.6	69.9 (675)	1.1 (698)	42.3 (697)
233	Walt Disney	26.5	38.9 (791)	3.8 (521)	79.4 (530)
234	Schering-Plough	26.4	69.0 (677)	7.0 (380)	92.2 (491)
235	Pacific Gas & Elec	26.3	257.8 (131)	30.8 (61)	518.0 (268)
236	Harris Corp	26.1	65.9 (699)	2.9 (581)	54.3 (641)
237	Zenith Radio	26.0	47.7 (782)	–0.8 (751)	26.3 (774)
237	Dun & Bradstreet	26.0	56.2 (741)	5.5 (448)	38.4 (718)
239	Amfac	26.0	85.0 (585)	1.3 (688)	54.7 (638)
240	Avco	25.8	95.4 (527)	2.3 (624)	234.1 (362)
241	Morrison-Knudsen	25.7	92.0 (547)	1.5 (673)	34.8 (741)
242	Baker International	25.6	99.2 (507)	9.7 (277)	97.1 (478)
243	Time Inc	25.5	139.8 (331)	6.0 (423)	113.6 (446)
243	Gannett	25.5	59.6 (733)	7.1 (377)	61.7 (595)
245	American Elec Power	25.3	165.0 (264)	13.2 (194)	482.6 (282)
246	Gould	25.0	66.1 (696)	3.7 (526)	63.8 (588)
247	General Signal	24.8	65.4 (706)	4.3 (490)	49.3 (667)
248	Sterling Drug	24.8	72.5 (657)	5.3 (456)	53.8 (643)
249	Fruehauf	24.6	75.5 (635)	–1.2 (756)	60.9 (602)
250	United States Shoe	24.5	51.2 (769)	2.5 (610)	24.1 (784)
251	White Consolidated	24.4	81.5 (609)	1.3 (688)	49.2 (668)
252	Manville	23.8	74.5 (641)	–4.1 (772)	94.1 (485)
253	Tektronix	23.6	50.6 (771)	3.4 (547)	44.1 (684)
254	Squibb	23.5	70.7 (671)	6.5 (405)	82.1 (519)
255	American Intl Group	23.2	153.9 (291)	17.8 (143)	393.9 (315)
256	Lear Siegler	23.0	64.7 (711)	3.1 (572)	39.6 (710)
257	American Motors	23.0	125.4 (377)	–6.7 (782)	70.0 (558)
258	Norton	22.9	55.2 (749)	0.8 (720)	44.0 (685)

Ranking The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
259	Colt Industries	22.9	66.2 (695)	–7.1 (783)	52.1 (652)
260	Uniroyal	22.7	86.7 (577)	1.1 (698)	60.8 (604)
261	Consolidated Edison	22.7	223.2 (176)	21.7 (108)	346.7 (334)
262	Mead	22.4	119.3 (408)	–2.8 (766)	100.2 (469)
263	Sherwin-Williams	22.3	83.0 (600)	1.9 (649)	39.8 (709)
264	Hercules	22.2	111.3 (448)	3.9 (516)	90.2 (499)
265	Warner Commun	22.1	180.3 (237)	11.7 (233)	144.0 (407)
266	West Point-Pepperell	22.0	50.5 (774)	2.0 (646)	29.6 (760)
267	ENSERCH	21.9	172.6 (251)	7.2 (373)	140.3 (411)
268	Owens-Corning Fbrgls	21.9	108.4 (464)	1.4 (681)	73.0 (548)
269	Carnation	21.8	155.0 (287)	8.7 (314)	78.5 (535)
270	Allis-Chalmers	21.7	74.3 (643)	–9.5 (788)	55.6 (633)
271	Square D	21.7	48.8 (779)	3.3 (560)	37.2 (723)
272	Continental Telecom	21.6	84.2 (594)	7.0 (380)	178.9 (381)
273	Becton, Dickinson	21.4	52.2 (766)	3.6 (536)	51.0 (659)
274	Chesebrough-Pond's	21.3	76.2 (632)	5.9 (432)	49.0 (669)
275	Upjohn	21.3	86.2 (581)	5.9 (432)	94.6 (484)
276	Revco D S	20.9	74.4 (642)	2.4 (615)	24.0 (785)
276	Jim Walter	20.9	92.1 (545)	0.3 (736)	122.6 (425)
278	Cummins Engine	20.9	76.1 (633)	0.4 (732)	61.4 (597)
279	Armstrong World Inds	20.8	61.7 (725)	1.0 (705)	43.4 (688)
280	Parker-Hannifin	20.8	55.1 (750)	2.8 (588)	38.4 (718)
281	Kaiser Alum & Chem	20.7	140.7 (327)	–5.6 (779)	176.2 (382)
282	A C Nielsen	20.6	31.2 (799)	2.1 (637)	21.4 (795)
283	VF	20.5	42.9 (788)	4.5 (482)	22.2 (793)
284	NL Industries	20.3	109.0 (461)	9.3 (295)	112.5 (449)
285	Johnson Controls	20.3	61.8 (723)	2.7 (596)	42.5 (694)
286	Anheuser-Busch Cos	20.2	226.4 (170)	14.2 (180)	193.1 (373)
287	Duke Power	20.2	111.2 (450)	17.3 (148)	349.8 (333)
288	Super Valu Stores	20.0	259.6 (127)	3.4 (547)	42.8 (691)
289	Brunswick	20.0	53.4 (760)	9.6 (279)	39.4 (713)
290	Union Oil California	19.7	527.0 (37)	40.8 (33)	431.7 (299)
291	AMP	19.7	63.1 (720)	6.0 (423)	54.6 (639)
292	Knight-Ridder News	19.7	67.5 (686)	5.2 (460)	53.4 (646)
293	Chemical New York	19.6	281.0 (108)	12.3 (216)	2460.0 (28)
294	Ryder System	19.6	106.0 (477)	4.2 (497)	101.4 (467)
295	Scott Paper	19.5	117.9 (414)	3.8 (521)	122.5 (426)
296	Getty Oil	19.4	657.0 (26)	35.5 (39)	587.2 (241)
297	Kellogg	19.3	122.7 (394)	11.8 (228)	67.3 (567)
298	Continental Corp	19.2	182.6 (234)	5.5 (448)	448.9 (293)
299	Whirlpool	19.1	118.7 (411)	7.3 (369)	65.9 (577)
300	Mercantile Stores	19.0	75.2 (638)	3.7 (526)	41.1 (702)
301	Marsh & McLennan	18.9	48.8 (779)	6.4 (407)	44.2 (683)
302	Olin	18.9	96.5 (519)	2.8 (588)	86.6 (507)
303	Best Products	18.7	84.6 (590)	1.5 (673)	56.6 (628)
304	Central Soya	18.3	95.9 (522)	1.1 (698)	29.7 (759)
305	Timken	18.2	55.7 (745)	–0.2 (745)	55.7 (632)
306	EG&G	18.1	44.2 (785)	2.2 (629)	14.9 (807)
307	Intel	18.1	49.7 (777)	1.7 (663)	58.4 (618)
308	Alco Standard	17.9	159.3 (273)	3.4 (547)	51.5 (656)
309	Wells Fargo	17.8	184.8 (229)	7.8 (349)	1394.0 (71)
310	Petrolane	17.7	111.5 (447)	5.9 (432)	59.3 (610)
311	Wang Laboratories	17.7	65.5 (704)	6.1 (418)	67.1 (569)
312	Roadway Services	17.7	65.0 (709)	4.3 (490)	38.9 (714)
313	Air Prods & Chems	17.6	89.4 (565)	6.0 (423)	123.6 (424)
313	Anderson, Clayton	17.6	95.8 (523)	3.2 (564)	51.8 (654)
315	Hughes Tool	17.5	91.2 (553)	8.4 (325)	134.9 (414)
315	SCOA Industries	17.5	66.0 (697)	2.1 (637)	26.3 (774)
317	Koppers	17.3	91.5 (550)	–2.2 (761)	68.8 (562)
318	Whittaker	17.2	97.6 (515)	3.4 (547)	53.6 (645)
318	Commonwlth Edison	17.2	240.8 (155)	35.4 (40)	800.6 (191)
320	AMAX	17.1	141.6 (323)	–22.9 (798)	298.4 (349)
321	American Greetings	17.0	43.7 (786)	2.6 (601)	34.2 (744)
322	National Svc Inds	16.9	52.4 (765)	3.0 (577)	25.3 (779)
323	Consol Freightways	16.9	71.4 (664)	3.3 (560)	53.4 (646)
324	MCA	16.8	94.8 (533)	10.5 (255)	98.0 (476)
325	Foremost-McKesson	16.7	269.8 (116)	4.4 (486)	83.2 (514)
326	Black & Decker	16.4	71.0 (667)	–4.7 (778)	60.9 (602)
327	Texas Utilities	16.1	201.3 (204)	26.7 (85)	498.7 (274)
328	Mattel	16.0	83.9 (597)	2.6 (601)	47.3 (673)
328	R R Donnelley & Sons	16.0	87.8 (572)	5.7 (441)	60.5 (606)
330	Union Camp	16.0	95.7 (524)	7.8 (349)	128.2 (420)
331	Foster Wheeler	15.9	101.9 (497)	3.6 (536)	59.4 (609)
332	G D Searle	15.8	65.8 (701)	8.9 (303)	80.6 (525)
333	United States Gypsum	15.7	84.4 (591)	2.8 (588)	72.3 (551)
334	Polaroid	15.7	82.6 (601)	1.5 (673)	84.5 (512)
335	Stanley Works	15.5	61.9 (722)	2.4 (615)	40.9 (703)
336	Storage Technology	15.5	69.6 (676)	4.1 (508)	77.8 (540)
337	Crane	15.5	72.7 (654)	–0.2 (745)	55.4 (634)
338	Crocker National	15.3	189.1 (227)	4.7 (473)	1630.0 (56)
339	Northwest Bancorp	15.2	136.9 (341)	5.9 (432)	1156.9 (116)
340	So Calif Edison	15.2	283.4 (106)	36.6 (38)	669.0 (218)
341	Western Union	15.0	68.3 (683)	5.5 (448)	136.2 (413)
342	Stone & Webster	15.0	21.5 (805)	3.6 (536)	28.8 (764)
343	Beneficial Corp	14.9	136.9 (341)	–2.4 (763)	416.9 (308)
343	Westvaco	14.9	97.3 (516)	4.2 (497)	90.1 (500)
345	Giant Food	14.8	125.1 (378)	2.5 (610)	30.5 (754)
346	Perkin-Elmer	14.8	70.3 (673)	4.2 (497)	59.0 (612)
347	Evans Products	14.7	84.2 (594)	–4.4 (777)	64.5 (581)
348	Sundstrand	14.6	65.9 (699)	4.7 (473)	61.3 (600)
349	Auto Data Processing	14.5	46.0 (784)	4.0 (510)	38.2 (720)
350	Pittston	14.5	166.5 (262)	–0.8 (751)	96.5 (479)
351	Republic Airlines	14.5	105.5 (481)	–2.7 (765)	81.7 (521)
352	Waste Management	14.3	67.8 (685)	7.5 (362)	82.1 (519)
352	Ethyl	14.3	129.5 (363)	6.6 (400)	145.6 (406)
354	McGraw-Hill	14.2	83.9 (597)	7.7 (354)	66.5 (573)
355	Kemper	14.1	140.8 (326)	5.3 (456)	437.9 (296)
355	Ex-Cell-O	14.1	72.8 (653)	3.4 (547)	49.5 (666)
357	Thrifty Corp	14.0	80.4 (616)	1.3 (688)	27.9 (768)
357	Raymond Intl	14.0	117.0 (419)	0.9 (715)	35.5 (734)
357	Universal Leaf	14.0	89.5 (564)	2.4 (615)	30.0 (756)
360	So New England Tel	14.0	77.5 (628)	6.6 (400)	141.0 (410)
361	Texas Air	13.8	109.9 (457)	–3.5 (768)	86.4 (508)
362	Crown Cork & Seal	13.8	98.1 (511)	3.2 (564)	61.0 (601)
363	Rite Aid	13.8	94.0 (537)	4.0 (510)	33.2 (746)
364	Louisiana-Pacific	13.8	63.4 (717)	–1.2 (756)	90.3 (498)
365	Amer Broadcasting	13.7	192.8 (220)	11.7 (233)	140.3 (411)
366	Middle South Utils	13.6	213.7 (183)	22.9 (99)	763.3 (197)
367	Tiger International	13.6	106.5 (473)	–10.0 (789)	180.8 (380)
368	Centel	13.6	85.2 (584)	8.0 (341)	162.1 (391)

Ranking The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
369	Northwest Airlines	13.4	139.9 (330)	0.4 (732)	102.6 (466)
370	First Natl Supermkts	13.3	90.7 (555)	0.4 (732)	15.2 (805)
371	Hershey Foods	13.0	120.2 (404)	7.2 (373)	68.2 (564)
372	Federal Co	13.0	88.5 (569)	1.4 (681)	23.9 (786)
372	Fischbach	13.0	97.8 (513)	2.0 (646)	35.8 (729)
374	Pub Svc Elec & Gas	13.0	299.1 (92)	26.5 (88)	610.6 (236)
375	Dover	12.9	80.5 (615)	7.0 (380)	47.6 (671)
376	Consumers Power	12.8	212.8 (184)	21.9 (106)	591.7 (240)
377	Continental Illinois	12.8	460.1 (49)	6.1 (418)	3345.8 (16)
378	Bank of Boston	12.8	214.5 (180)	9.7 (277)	1427.1 (68)
379	Varian Associates	12.7	54.4 (756)	2.1 (637)	41.3 (701)
380	Lincoln National	12.7	263.0 (120)	9.6 (279)	784.4 (192)
381	Baldwin-United	12.7	284.4 (102)	3.7 (526)	663.8 (220)
382	E F Hutton Group	12.6	126.5 (373)	6.4 (407)	583.6 (246)
383	Dravo	12.6	91.5 (550)	–0.9 (754)	50.9 (661)
384	Rohm & Haas	12.5	146.2 (312)	6.8 (391)	109.2 (454)
385	General Cinema	12.5	70.9 (669)	3.8 (521)	47.5 (672)
386	J P Morgan	12.4	555.8 (34)	31.8 (55)	4730.5 (8)
387	Hammermill Paper	12.3	113.2 (437)	2.5 (610)	80.6 (525)
388	Florida Power & Lt	12.3	238.6 (157)	21.6 (110)	555.9 (254)
389	General Public Utils	12.2	196.8 (211)	2.8 (588)	423.8 (304)
390	Diamond Shamrock	12.2	260.2 (125)	12.2 (219)	261.5 (358)
391	Genuine Parts	12.2	158.7 (276)	8.2 (333)	64.2 (582)
391	Gt Northern Nekoosa	12.2	117.2 (418)	6.4 (407)	121.5 (431)
393	Va Electric & Power	12.2	194.3 (217)	22.9 (99)	605.6 (238)
393	Phelps Dodge	12.2	78.8 (621)	–6.1 (781)	165.7 (387)
395	Bankers Trust NY	12.2	384.9 (66)	18.4 (136)	3326.8 (17)
396	Columbia Gas System	12.1	418.5 (58)	15.2 (167)	425.5 (302)
397	Cincinnati Milacron	12.0	63.4 (717)	1.0 (705)	55.2 (635)
398	E-Systems	12.0	63.1 (720)	3.0 (577)	26.4 (773)
399	Joy Manufacturing	11.9	90.5 (558)	7.0 (380)	71.0 (556)
400	Farmers Group	11.9	53.3 (761)	10.7 (252)	151.7 (399)
401	Browning-Ferris Inds	11.8	60.6 (729)	5.3 (456)	56.5 (629)
401	Houston Natural Gas	11.8	269.6 (117)	22.3 (103)	223.3 (365)
403	Am Natural Resources	11.6	266.2 (118)	13.8 (186)	342.1 (337)
404	Electronic Data Sys	11.6	43.3 (787)	4.0 (510)	28.4 (765)
405	ConAgra	11.6	146.6 (308)	2.8 (588)	42.0 (699)
406	Stauffer Chemical	11.6	139.6 (332)	10.7 (252)	188.8 (375)
407	National Distillers	11.4	131.1 (357)	6.9 (387)	149.4 (401)
408	First Chicago	11.2	392.6 (64)	12.2 (219)	3199.8 (19)
409	Detroit Edison	11.2	189.5 (225)	22.7 (101)	681.4 (215)
410	Newmont Mining	11.2	63.5 (715)	4.3 (490)	173.8 (384)
411	American General	11.2	260.6 (124)	18.1 (138)	1187.4 (108)
412	Smith International	11.2	96.0 (520)	7.4 (364)	104.1 (464)
413	Cameron Iron Works	11.1	102.9 (490)	13.7 (187)	119.3 (436)
414	Bally Manufacturing	11.0	113.8 (432)	8.3 (328)	92.1 (492)
415	Marine Midland Bks	11.0	219.0 (179)	7.9 (345)	1837.0 (48)
416	CBI Industries	11.0	110.0 (455)	8.0 (341)	89.0 (502)
417	USAir Group	10.9	116.7 (420)	5.4 (452)	97.4 (477)
418	Richardson-Vicks	10.9	102.3 (493)	6.1 (418)	71.4 (553)
418	ASARCO	10.9	123.9 (388)	–3.6 (769)	197.5 (370)
418	Toys "R" Us	10.9	95.6 (525)	5.9 (432)	51.3 (657)
421	InterNorth	10.8	384.1 (67)	12.5 (211)	365.2 (325)
422	National Can	10.7	144.7 (315)	3.2 (564)	73.7 (546)
423	Limited	10.5	68.7 (679)	3.2 (564)	30.5 (754)
424	Kerr-McGee	10.5	361.2 (74)	20.1 (124)	359.9 (329)
425	Fleming Cos	10.2	361.0 (75)	2.9 (581)	58.5 (616)
426	Safeco	10.2	145.9 (313)	10.5 (255)	293.4 (351)
427	Houston Industries	10.1	378.6 (68)	12.4 (213)	559.4 (250)
428	Niagara Mohawk Pwr	10.1	236.7 (161)	26.6 (87)	468.3 (289)
429	Phila Electric	10.1	261.7 (121)	33.3 (48)	708.4 (209)
430	Masco	10.1	84.7 (589)	7.7 (354)	121.0 (433)
431	Federal Express	10.1	79.7 (618)	7.8 (349)	72.4 (550)
432	Pacific Lighting	10.0	435.2 (54)	12.9 (201)	325.2 (340)
433	First Bank System	10.0	196.1 (213)	11.5 (239)	1689.3 (53)
434	Rollins	10.0	52.6 (764)	4.6 (476)	40.0 (706)
435	Advncd Micro Devcs	9.9	28.4 (801)	0.9 (715)	24.6 (783)
436	Paine Webber	9.9	111.6 (446)	3.6 (536)	435.8 (297)
437	Texas Gas	9.8	293.5 (95)	11.6 (237)	186.4 (376)
438	Deluxe Check Printers	9.8	56.1 (742)	6.6 (400)	35.7 (731)
439	Irving Bank	9.7	235.9 (162)	8.4 (325)	2022.2 (40)
440	St Paul Cos	9.6	224.7 (173)	21.2 (113)	553.5 (255)
441	Pennzoil	9.5	238.0 (159)	19 8 (126)	338.5 (338)
442	Intl Minerals & Chem	9.5	164.3 (266)	14.5 (176)	204.4 (369)
443	Parsons	9.2	131.6 (355)	4.6 (476)	57.5 (625)
444	Pneumo	9.2	124.2 (386)	2.6 (601)	43.1 (689)
445	Pacific Pwr & Lt	9.2	152.9 (296)	21.5 (111)	479.8 (285)
446	Wilson Foods	9.1	245.3 (147)	1.4 (681)	31.3 (752)
447	Eastern Gas & Fuel	9.1	146.5 (311)	7.3 (369)	148.6 (403)
448	Potlatch	9.0	90.7 (555)	2.5 (610)	130.0 (416)
449	Baltimore Gas & Elec	9.0	176.9 (245)	19.4 (131)	389.6 (316)
450	USF&G	9.0	256.6 (133)	12.7 (206)	565.1 (248)
451	Alxndr & Alxndr	9.0	64.1 (713)	1.6 (666)	162.7 (390)
452	Amerada Hess	8.9	938.7 (14)	19.0 (134)	691.5 (211)
453	Central & South West	8.8	272.6 (113)	29.6 (67)	585.8 (244)
454	PACCAR	8.8	140.4 (329)	4.3 (490)	92.1 (492)
455	Service Merchandise	8.7	136.9 (341)	3.6 (536)	67.1 (569)
456	GATX	8.7	109.4 (460)	3.2 (564)	314.7 (342)
457	Amstar	8.7	164.1 (267)	4.6 (476)	76.9 (542)
458	InterFirst	8.5	283.6 (104)	24.3 (95)	2468.4 (26)
459	Northeast Utilities	8.4	209.4 (189)	18.0 (140)	478.4 (286)
460	Gelco	8.4	114.5 (429)	3.5 (543)	283.0 (353)
461	M/A-Com	8.3	70.9 (669)	3.7 (526)	68.3 (563)
462	First City Bancorp	8.3	208.6 (193)	14.5 (176)	1998.9 (42)
463	Bank of New York	8.3	183.9 (231)	8.8 (306)	1536.1 (60)
464	El Paso	8.2	532.2 (36)	6.5 (405)	509.7 (270)
464	Willamette Inds	8.2	113.3 (436)	0.7 (724)	117.8 (440)
466	Barnett Banks Fla	8.2	96.7 (518)	6.9 (387)	847.1 (183)
467	Capital Holding	8.2	157.8 (279)	13.1 (195)	498.6 (275)
468	Penn Power & Light	8.1	150.5 (300)	34.4 (45)	682.5 (214)
469	New York Times	8.1	115.3 (426)	6.7 (394)	94.0 (486)
469	Raychem	8.1	66.0 (697)	4.6 (476)	55.8 (631)
471	Witco Chemical	8.1	162.2 (269)	3.7 (526)	82.2 (518)
472	Avnet	8.0	139.0 (336)	8.8 (306)	77.9 (538)
473	Engelhard	7.9	256.0 (135)	8.2 (333)	98.3 (474)
474	American Natl Ins	7.9	92.1 (545)	8.8 (306)	410.0 (311)
475	Longs Drug Stores	7.9	143.1 (319)	3.9 (516)	36.6 (727)
476	Intl Multifoods	7.8	146.6 (308)	4.2 (497)	61.4 (597)
477	Ohio Edison	7.8	183.8 (232)	25.1 (93)	674.7 (216)
478	Seafirst	7.8	179.9 (238)	–11.8 (792)	1290.2 (89)

Ranking The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
479	Mellon National	7.8	303.2 (85)	17.3 (148)	2612.6 (23)
480	Carolina Pwr & Lt	7.8	198.2 (210)	29.3 (68)	637.8 (228)
481	Chubb	7.8	194.7 (215)	9.6 (279)	413.3 (310)
482	Malone & Hyde	7.7	283.9 (103)	3.6 (536)	53.3 (649)
483	Archer Danls Midland	7.7	484.0 (43)	20.2 (121)	286.1 (352)
484	Texas Commerce Bshs	7.7	234.5 (166)	22.2 (104)	2376.3 (29)
485	RepublicBank	7.6	254.1 (137)	18.9 (135)	2263.2 (36)
486	Michigan National	7.6	103.8 (487)	0.5 (729)	855.8 (180)
486	Cabot	7.6	208.9 (192)	11.6 (237)	173.6 (385)
488	Food Town Stores	7.6	125.1 (378)	2.9 (581)	28.1 (766)
489	Panhandle Eastern	7.6	449.2 (50)	29.1 (69)	670.3 (217)
490	Consol Natural Gas	7.5	426.7 (55)	21.2 (113)	434.7 (298)
491	No States Power	7.4	209.5 (188)	21.2 (113)	429.2 (300)
492	George A Hormel	7.4	192.8 (220)	3.8 (521)	66.1 (574)
493	SONAT	7.4	362.2 (73)	27.7 (78)	424.3 (303)
494	Unicn Electric	7.2	168.5 (256)	28.4 (74)	640.9 (227)
495	Captl Cities Cmmn	7.2	92.7 (542)	13.5 (190)	108.5 (457)
496	Morton Thiokol	7.1	110.8 (453)	19.2 (132)	105.2 (461)
497	Valley National	7.0	114.7 (428)	7.2 (373)	1020.8 (149)
498	Phibro-Salomon	6.9	3898.2 (3)	49.2 (17)	5791.1 (5)
499	NBD Bancorp	6.8	205.7 (199)	11.9 (226)	1814.1 (49)
500	Superior Oil	6.8	300.6 (87)	32.9 (51)	735.6 (201)
501	Southeast Banking	6.8	125.6 (376)	7.8 (349)	1074.7 (133)
502	Flickinger	6.7	198.6 (209)	1.5 (673)	27.1 (770)
503	MAPCO	6.6	300.0 (90)	11.1 (245)	259.4 (359)
504	Arizona Public Serv	6.6	160.3 (272)	34.8 (44)	585.7 (245)
505	No Indiana Pub Svc	6.6	261.7 (121)	10.4 (261)	521.1 (267)
506	Public Service Colo	6.6	240.6 (156)	17.6 (144)	389.6 (316)
507	Sysco	6.6	259.6 (127)	5.2 (460)	66.0 (575)
508	Williams Cos	6.6	257.9 (130)	5.2 (460)	361.3 (326)
509	Lowe's Companies	6.5	158.6 (277)	3.9 (516)	60.3 (607)
510	Coastal Corp	6.5	892.2 (17)	10.1 (266)	496.3 (278)
510	Waldbaum	6.5	229.4 (169)	2.6 (601)	42.0 (699)
512	Western Co No Amer	6.4	107.5 (469)	8.8 (306)	196.4 (371)
513	NCNB	6.4	167.6 (259)	11.9 (226)	1805.9 (50)
514	Cox Communications	6.4	80.4 (616)	10.2 (265)	125.0 (422)
515	Wachovia	6.3	129.4 (365)	8.5 (323)	1105.2 (128)
516	Diebold	6.2	68.6 (680)	6.7 (394)	42.5 (694)
517	Wisconsin Elec Pwr	6.2	211.3 (186)	21.4 (112)	381.9 (321)
517	Torchmark	6.2	153.7 (294)	12.2 (219)	492.5 (280)
519	Texas Eastern	6.2	919.4 (15)	26.2 (89)	738.5 (200)
520	PNC Financial	6.1	214.5 (180)	17.2 (152)	1905.3 (44)
521	Washington National	6.1	150.1 (301)	4.0 (510)	540.2 (261)
521	Mercantile Texas	6.1	187.5 (228)	16.7 (153)	1673.2 (54)
523	Swift Independent	6.0	411.9 (60)	4.2 (497)	42.8 (691)
524	Jefferson-Pilot	6.0	153.9 (291)	14.4 (178)	521.7 (266)
525	Payless Cashways	5.9	102.1 (495)	3.9 (516)	44.6 (681)
526	Long Island Lighting	5.9	277.1 (110)	52.5 (15)	907.5 (173)
527	BancOhio	5.9	112.4 (442)	3.8 (521)	990.0 (159)
528	Vulcan Materials	5.9	123.0 (391)	9.3 (295)	121.4 (432)
529	Big Three Industries	5.8	131.8 (354)	14.9 (170)	181.1 (379)
529	Allegheny Power	5.8	300.6 (87)	27.6 (79)	587.1 (242)
531	Parker Drilling	5.8	105.8 (478)	13.1 (195)	159.5 (396)
532	NICOR	5.8	373.3 (69)	15.0 (168)	453.0 (292)
533	W W Grainger	5.7	140.7 (327)	8.8 (306)	91.1 (496)
534	G Heileman Brewing	5.7	152.8 (297)	8.0 (341)	88.1 (505)
535	SEDCO	5.7	92.5 (543)	46.0 (21)	161.0 (394)
536	Dow Jones	5.6	129.5 (363)	15.6 (160)	105.4 (460)
537	Citizens & Sthrn Ga	5.6	113.4 (435)	8.9 (303)	1071.1 (136)
538	A H Robins	5.6	86.9 (576)	8.8 (306)	79.3 (531)
539	U S Bancorp	5.5	124.7 (381)	9.4 (291)	1040.2 (144)
540	Murphy Oil	5.4	478.6 (46)	29.0 (71)	549.7 (258)
541	Shawmut	5.4	113.0 (438)	6.0 (423)	990.2 (158)
542	Kaneb Services	5.4	109.9 (457)	11.8 (228)	162.0 (392)
543	Charter	5.4	1122.5 (9)	2.1 (637)	982.8 (160)
544	Clorox	5.4	160.6 (271)	8.4 (325)	99.9 (470)
545	Potomac Elec Power	5.4	203.2 (202)	22.1 (105)	502.6 (273)
546	Servicemaster Inds	5.4	111.1 (451)	4.0 (510)	15.2 (805)
547	Washington Post	5.4	149.7 (304)	9.8 (275)	93.7 (488)
548	Commerce Clearing	5.3	65.5 (704)	5.9 (432)	51.0 (659)
549	Sun Banks of Florida	5.3	99.1 (508)	6.4 (407)	938.2 (167)
550	Rainier Bancorp	5.3	137.5 (340)	7.4 (364)	1102.2 (129)
551	Ohio Casualty	5.3	167.7 (258)	10.8 (248)	296.9 (350)
551	Cleveland Elec Illum	5.3	209.2 (191)	39.4 (34)	725.1 (206)
553	Zapata	5.3	101.7 (498)	18.1 (138)	221.3 (366)
554	Public Service Ind	5.2	154.6 (289)	44.5 (22)	728.3 (204)
555	Arkla	5.2	250.3 (142)	18.4 (136)	305.2 (347)
556	New England Electric	5.2	235.4 (164)	21.0 (117)	475.8 (287)
557	Freeport-McMoran	5.1	146.6 (308)	12.9 (201)	325.0 (341)
557	Cincinnati G & E	5.1	247.2 (145)	25.6 (91)	536.8 (264)
559	Natomas	5.1	318.3 (80)	8.7 (314)	557.7 (252)
560	Combined Internatl	5.0	208.6 (193)	17.3 (148)	490.2 (281)
561	Entex	5.0	292.7 (96)	9.5 (288)	610.4 (237)
561	Nash Finch	5.0	223.5 (175)	2.3 (624)	35.7 (731)
563	San Diego Gas & Elec	5.0	286.4 (101)	31.5 (57)	482.6 (282)
564	Prime Computer	5.0	87.6 (574)	9.0 (300)	75.6 (544)
565	ROLM	4.9	76.9 (631)	6.0 (423)	54.0 (642)
566	Maryland National	4.9	111.1 (451)	8.3 (328)	1032.7 (146)
567	Walter E Heller Intl	4.9	181.7 (235)	3.4 (547)	1362.7 (81)
568	Farm House Foods	4.9	300.3 (89)	0.8 (720)	56.1 (630)
569	Philadelphia Natl	4.9	158.5 (278)	11.7 (233)	1296.8 (88)
570	Midcon	4.8	688.4 (23)	27.4 (81)	544.4 (259)
571	Coloardo Natl Bnkshs	4.8	54.0 (757)	4.4 (486)	496.6 (277)
572	First Union	4.8	138.2 (337)	9.0 (300)	1285.0 (91)
573	Duquesne Light	4.8	156.1 (284)	22.4 (102)	603.0 (239)
574	United Virginia Bshs	4.8	109.8 (459)	8.6 (319)	1015.0 (151)
575	BayBanks	4.7	92.2 (544)	7.0 (380)	781.8 (193)
576	H F Ahmanson	4.7	425.1 (57)	-9.4 (787)	3557.8 (15)
577	Medtronic	4.7	71.0 (667)	10.0 (268)	79.3 (531)
578	Gulf States Utils	4.7	277.8 (109)	35.3 (41)	809.0 (189)
579	Florida Progress	4.7	259.3 (129)	17.5 (145)	622.7 (232)
580	Nalco Chemical	4.7	137.9 (338)	12.4 (213)	99.5 (472)
581	Virginia Natl Bshs	4.7	95.4 (527)	6.7 (394)	831.9 (185)
582	Comerica	4.6	162.6 (268)	7.7 (354)	1596.4 (58)
583	Wetteran	4.6	426.6 (56)	0.4 (732)	71.3 (554)
584	Alleghany	4.6	295.7 (93)	12.7 (206)	964.7 (161)
585	First Security	4.5	118.2 (412)	11.8 (228)	1024.4 (147)
586	Trust Co of Georgia	4.5	108.1 (467)	11.8 (228)	1012.2 (153)
587	Utah Power & Light	4.4	176.0 (248)	30.0 (64)	615.9 (235)
588	Banc One	4.4	136.3 (344)	13.0 (199)	1132.4 (120)

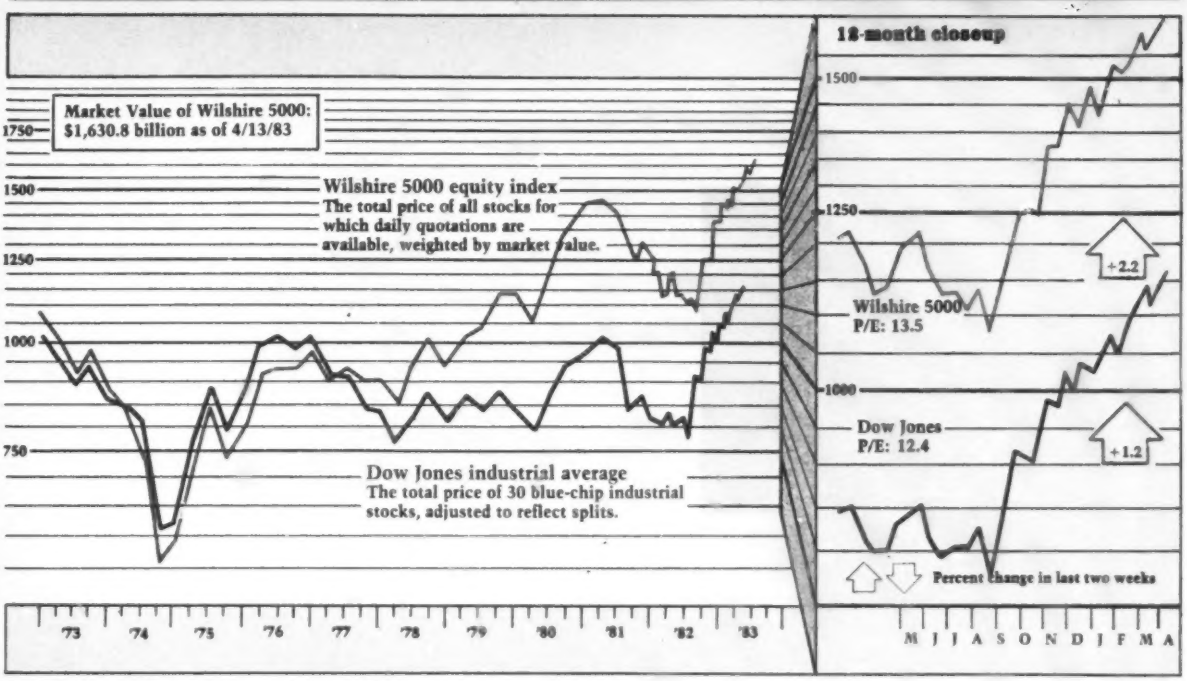
Ranking The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
589	Primark	4.4	370.6 (70)	4.1 (508)	305.6 (346)
590	A E Staley Mfg	4.4	363.6 (71)	14.3 (179)	261.8 (357)
591	N Y State Elec & Gas	4.4	203.6 (201)	33.2 (50)	618.8 (234)
592	Southwest Bancshares	4.3	178.3 (244)	15.4 (164)	1598.9 (57)
593	First Wisconsin	4.3	134.2 (351)	6.8 (391)	1133.1 (119)
594	Lubrizol	4.3	190.9 (223)	11.2 (242)	151.3 (400)
595	AmeriTrust	4.2	147.0 (306)	14.6 (174)	1356.3 (82)
596	First of America Bnk	4.2	104.5 (485)	4.9 (469)	901.6 (176)
597	Fort Howard Paper	4.2	126.9 (372)	21.8 (107)	152.3 (398)
598	Bank of New England	4.1	155.2 (285)	8.6 (319)	1224.4 (100)
599	Northern Trust	4.1	201.8 (203)	7.9 (345)	1526.9 (61)
600	Utd Energy Resources	4.1	1371.9 (5)	44.1 (23)	721.8 (207)
601	Provident Life & Acc	4.0	263.5 (119)	16.6 (154)	665.6 (219)
602	Illinois Power	4.0	276.1 (111)	39.0 (35)	771.6 (195)
603	Tidewater	4.0	116.6 (421)	17.9 (141)	163.5 (389)
603	USLIFE	4.0	224.9 (172)	19.7 (129)	805.1 (190)
605	GEICO	4.0	205.9 (198)	19.5 (130)	394.3 (314)
606	Computervision	4.0	82.1 (602)	8.2 (333)	69.2 (559)
607	First Atlanta	3.9	122.3 (396)	9.8 (275)	1146.7 (117)
608	Boston Edison	3.9	272.6 (113)	15.6 (160)	498.0 (276)
609	Manufacturers Natl	3.9	157.2 (280)	5.9 (432)	1368.6 (78)
610	Metromedia	3.8	106.1 (475)	80.6 (5)	270.9 (356)
611	Flagship Banks	3.8	90.5 (558)	6.4 (407)	809.4 (188)
612	Harris Bankcorp	3.8	241.1 (154)	9.4 (291)	1874.7 (45)
613	CBT	3.8	120.9 (398)	8.2 (333)	1333.1 (84)
614	Huntington Bancshs	3.8	115.4 (424)	7.7 (354)	1380.2 (75)
614	Wyman-Gordon	3.8	124.5 (383)	14.8 (172)	99.7 (471)
616	California First Bnk	3.8	130.0 (362)	2.6 (601)	1095.8 (130)
617	Florida Natl Banks	3.8	90.3 (561)	5.6 (446)	924.1 (170)
618	First Natl State Bcp	3.8	122.8 (392)	9.2 (298)	1286.4 (90)
619	Gulf United	3.8	319.3 (79)	25.3 (92)	866.3 (179)
619	Peoples Energy	3.8	411.3 (61)	12.3 (216)	311.1 (343)
621	First Pennsylvania	3.7	170.4 (253)	–7.2 (784)	1454.6 (65)
622	Oklahoma Gas & Elec	3.7	243.1 (149)	28.1 (76)	539.3 (263)
623	Fleet Financial	3.7	146.8 (307)	10.5 (255)	1217.9 (102)
624	Donaldson, Lufkin	3.7	169.0 (255)	4.9 (469)	1431.8 (67)
625	Mitchell Energy & Dev	3.7	259.9 (126)	21.7 (108)	506.7 (272)
625	National City	3.7	178.8 (242)	11.8 (228)	1844.2 (47)
627	Centerre Bancorp	3.7	166.9 (261)	6.3 (414)	1385.6 (73)
628	Midlantic Banks	3.7	125.7 (375)	10.5 (255)	1174.2 (112)
629	Hartford National	3.7	106.7 (472)	6.7 (394)	1130.6 (121)
630	State Street Boston	3.7	128.6 (367)	13.4 (192)	1072.6 (135)
631	Brooklyn Union Gas	3.6	242.1 (153)	12.6 (209)	233.4 (363)
632	AmSouth Bancorp	3.6	103.6 (488)	8.8 (306)	902.5 (175)
633	Tesoro Petroleum	3.6	677.7 (24)	13.9 (184)	233.4 (363)
633	Tandem Computers	3.6	86.7 (577)	8.3 (328)	93.7 (488)
635	Intl Flavors & Frag	3.6	124.4 (385)	17.5 (145)	119.9 (435)
636	Dayton Power & Light	3.6	248.1 (144)	31.4 (58)	564.4 (249)
637	So Carolina E & G	3.5	242.7 (150)	27.2 (83)	619.9 (233)
638	Banco Popular PR	3.5	93.5 (539)	7.8 (349)	781.8 (193)
639	Mercantile Bancorp	3.5	172.9 (250)	12.0 (223)	1633.1 (55)
640	Allied Bancshares	3.5	207.9 (196)	23.8 (97)	1740.2 (51)
641	First & Merchants	3.4	102.5 (491)	7.4 (364)	828.2 (186)
642	Texas Oil & Gas	3.4	558.9 (33)	73.5 (7)	732.8 (202)
642	First Alabama Bshs	3.4	104.4 (486)	9.9 (270)	929.5 (169)
644	First Maryland Bncp	3.3	120.3 (402)	7.2 (373)	1040.8 (142)
645	Pall	3.3	59.2 (735)	7.6 (359)	60.6 (605)
646	United Banks of Colo	3.2	127.7 (368)	6.6 (400)	1084.4 (131)
647	First Tennessee Natl	3.2	120.6 (400)	8.3 (328)	1045.0 (140)
648	Lincoln First Banks	3.2	137.6 (339)	7.4 (364)	1200.1 (105)
649	Portland Genl Elec	3.2	176.5 (246)	46.3 (20)	716.5 (208)
650	Tele-Communications	3.2	87.2 (575)	3.2 (564)	282.8 (354)
651	Norstar Bancorp	3.2	118.9 (410)	13.7 (187)	1128.2 (122)
652	BanCal Tri-State	3.2	160.9 (270)	2.7 (596)	1186.1 (110)
653	Transco Energy	3.2	1203.1 (8)	42.6 (29)	1202.2 (104)
654	U S Tobacco	3.2	100.5 (500)	17.3 (148)	104.3 (463)
655	Comsat	3.2	129.0 (366)	13.6 (189)	256.1 (360)
656	Gt Western Financial	3.2	437.6 (51)	–23.6 (799)	3998.4 (12)
657	NIKE	3.2	220.2 (178)	15.6 (160)	119.2 (437)
658	Third National	3.1	119.2 (409)	8.6 (319)	996.7 (157)
659	First Virginia Banks	3.1	78.6 (624)	8.0 (341)	642.3 (226)
660	Tosco	3.1	1105.6 (10)	38.6 (36)	414.1 (309)
660	Public Service N M	3.1	136.1 (346)	36.9 (37)	684.7 (213)
662	Dominion Bankshares	3.1	119.7 (406)	5.7 (441)	1037.2 (145)
663	Prer. er Industrial	3.1	107.2 (470)	11.2 (242)	66.8 (571)
664	Pioneer	3.1	362.3 (72)	19.9 (125)	345.4 (335)
665	Texas American Bshs	3.1	179.3 (240)	13.9 (184)	1539.0 (59)
666	Society	3.1	154.3 (290)	8.8 (306)	1281.4 (94)
667	Colonial Penn Group	3.1	405.3 (62)	9.6 (279)	345.1 (336)
668	Northwestern Finl	3.0	93.7 (538)	3.0 (577)	703.2 (210)
669	Atlantic Bancorp	3.0	100.2 (503)	7.1 (377)	847.7 (182)
670	Key Banks	3.0	98.2 (510)	8.7 (314)	935.0 (168)
671	Commerce Bancshrs	3.0	120.5 (401)	10.5 (255)	1118.8 (125)
672	Apple Computer	2.9	199.4 (207)	21.0 (117)	122.4 (427)
673	United Jersey Banks	2.9	114.2 (431)	6.3 (414)	1115.3 (126)
674	Bank of Virginia	2.9	142.6 (322)	7.5 (362)	1160.3 (115)
675	TECO Energy	2.9	207.7 (197)	16.6 (154)	495.9 (279)
676	Central Ill Pub Svc	2.9	204.4 (200)	23.1 (98)	511.4 (269)
677	Fidelity Union Bncp	2.9	113.7 (433)	0.6 (725)	1187.3 (109)
678	Fidelcor	2.9	155.1 (286)	9.9 (270)	1438.4 (66)
679	Northwest Energy	2.8	562.8 (31)	13.4 (192)	848.0 (181)
680	South Carolina Natl	2.8	86.3 (580)	5.9 (432)	731.3 (203)
681	IntraWest Financial	2.8	142.9 (320)	–4.3 (775)	1183.2 (111)
682	Rochester Gas & Elec	2.8	244.4 (148)	25.1 (93)	472.8 (288)
683	Central Bancorp	2.8	108.2 (466)	7.6 (359)	1020.2 (150)
684	Bancorp Hawaii	2.8	130.7 (359)	10.8 (248)	1073.8 (134)
685	Oneok	2.8	404.7 (63)	20.3 (120)	361.1 (327)
686	Mountain Fuel Supply	2.8	184.8 (229)	17.5 (145)	307.5 (345)
687	Marshall & Ilsley	2.7	117.9 (414)	9.6 (279)	1044.6 (141)
688	Montana Power	2.7	183.5 (233)	26.0 (90)	559.4 (250)
689	Kansas City Pwr & Lt	2.7	179.4 (239)	29.9 (65)	662.1 (222)
690	Equitable Bancorp	2.7	105.5 (481)	4.2 (497)	913.6 (172)
691	First Kentucky Natl	2.7	120.7 (399)	9.6 (279)	1064.6 (138)
692	Delmarva Power & Lt	2.7	238.4 (158)	27.5 (80)	550.9 (257)
693	Global Marine	2.7	172.0 (252)	32.1 (54)	507.5 (271)
693	Central Fidelity Bks	2.7	104.6 (484)	7.0 (380)	955.8 (164)
693	Tampax	2.7	108.5 (463)	16.3 (157)	77.9 (538)
696	American Petrofina	2.6	849.4 (18)	20.6 (119)	441.7 (295)
697	Brown-Forman Dist	2.6	222.2 (177)	33.3 (48)	221.0 (367)
698	Homestake Mining	2.6	67.0 (690)	6.7 (394)	148.9 (402)

Ranking The Forbes 500s—Jobs And Productivity

Rank	Company	Employees (000)	Per employee ($000) Sales (rank)	Profits (rank)	Assets (rank)
699	MCI Communications	2.5	199.0 (208)	34.0 (46)	338.2 (339)
700	Southwest Airlines	2.5	131.4 (356)	13.5 (190)	166.8 (386)
701	Turner Construction	2.5	894.0 (16)	4.3 (490)	190.6 (374)
702	First Florida Banks	2.5	110.0 (455)	10.3 (264)	1013.3 (152)
703	Centran	2.5	134.0 (352)	–23.9 (800)	1122.6 (124)
704	Reading & Bates	2.5	210.9 (187)	29.9 (65)	466.0 (290)
705	Louisiana Land	2.4	483.6 (44)	31.2 (60)	688.2 (212)
706	American Fletcher	2.4	143.3 (318)	7.4 (364)	1251.4 (97)
707	Republic New York	2.4	515.2 (39)	29.1 (69)	3826.9 (14)
708	Puget Sound Pwr & Lt	2.4	193.8 (219)	41.1 (32)	809.7 (187)
709	Toledo Edison	2.4	201.0 (205)	44.0 (24)	885.2 (177)
710	Wisconsin Pwr & Lt	2.4	214.1 (182)	19.8 (126)	388.4 (318)
711	SouthTrust	2.4	119.6 (407)	9.6 (279)	1023.2 (148)
712	General Re	2.4	631.1 (28)	87.1 (4)	1998.0 (43)
713	Pioneer Hi-Bred Intl	2.4	235.0 (165)	30.2 (62)	216.2 (368)
714	Southwestern Pub Svc	2.3	253.7 (138)	32.9 (51)	533.7 (265)
715	Equimark	2.3	156.9 (282)	2.8 (588)	1387.0 (72)
716	First Charter Finl	2.3	436.4 (52)	–26.4 (801)	4058.6 (11)
717	Cullen/Frost Bankers	2.3	153.8 (293)	11.4 (240)	1312.3 (87)
718	Moore Financial	2.3	120.1 (405)	10.1 (266)	1040.3 (143)
719	Kansas Power & Light	2.3	212.5 (185)	28.3 (75)	541.6 (260)
720	Mission Insurance	2.3	189.3 (226)	21.2 (113)	395.6 (313)
721	PHH Group	2.3	209.4 (189)	13.1 (195)	623.6 (231)
722	Peoples Bancorp	2.2	103.6 (488)	6.1 (418)	907.4 (174)
723	Indianapolis Pwr & Lt	2.2	181.2 (236)	26.7 (85)	540.2 (261)
723	Indiana National	2.2	139.2 (335)	8.6 (319)	1231.6 (99)
725	Affiliated Bshs Colo	2.2	111.3 (448)	9.6 (279)	944.1 (166)
726	Public Service N H	2.2	194.4 (216)	42.1 (30)	742.1 (199)
727	Overseas Shipholding	2.2	149.2 (305)	27.9 (77)	586.9 (243)
728	First American	2.2	130.1 (361)	7.9 (345)	1197.5 (106)
728	Arizona Bancwest	2.2	127.2 (370)	7.7 (354)	1082.1 (132)
730	City Federal S & L	2.2	257.0 (132)	6.1 (418)	2100.4 (39)
731	First Hawaiian	2.1	127.3 (369)	8.9 (303)	1111.4 (127)
732	Central Bancshares	2.1	139.3 (334)	9.9 (270)	1240.1 (98)
733	Riggs National	2.1	190.3 (224)	9.5 (288)	1737.1 (52)
734	First Empire State	2.1	117.9 (414)	6.0 (423)	918.3 (171)
735	Old Kent Financial	2.1	131.0 (358)	10.8 (248)	1123.0 (123)
736	Marine	2.0	135.7 (349)	7.3 (369)	1168.1 (113)
737	Commerce Union	2.0	139.6 (332)	4.7 (473)	1144.3 (118)
738	United Missouri Bshs	2.0	113.0 (438)	14.6 (174)	1363.5 (80)
739	Noble Affiliates	2.0	200.2 (206)	35.3 (41)	355.4 (332)
739	CharterCorp	2.0	130.2 (360)	6.0 (423)	1202.5 (103)
741	Hospital Trust	1.9	124.5 (383)	3.4 (547)	1000.5 (155)
742	Pic'n'Save	1.9	93.5 (539)	14.2 (180)	65.3 (578)
743	Valero Energy	1.9	1005.4 (12)	43.2 (28)	648.7 (224)
744	Super Food Services	1.9	598.4 (29)	1.9 (649)	70.5 (557)
745	Kentucky Utilities	1.9	253.2 (139)	28.9 (72)	662.8 (221)
746	American Bancorp	1.9	144.6 (316)	12.0 (223)	1315.9 (86)
747	Natl Central Financl	1.9	152.2 (298)	10.5 (255)	1323.0 (85)
748	Indust Valley Bank	1.8	124.2 (386)	5.5 (448)	1006.3 (154)
749	Boatmen's Bancshares	1.8	141.5 (324)	11.3 (241)	1510.3 (62)
750	Suburban Bancorp	1.8	118.2 (412)	10.4 (261)	1190.8 (107)
751	Kansas Gas & Elec	1.8	196.2 (212)	47.3 (19)	847.1 (183)
752	Citizens Fidelity	1.8	196.0 (214)	14.1 (183)	1352.5 (83)
753	First New Mexico	1.8	116.3 (422)	9.4 (291)	998.3 (156)
754	City National	1.8	123.6 (390)	8.2 (333)	1047.4 (139)
755	First Boston	1.8	793.5 (21)	52.9 (13)	9854.5 (2)
756	Tandon	1.8	86.0 (582)	9.0 (300)	89.2 (501)
757	Golden West Finl	1.7	460.2 (48)	–11.4 (790)	4184.6 (10)
758	Sumitomo Bank Cal	1.7	154.9 (288)	4.4 (486)	1218.8 (101)
759	First United Bancorp	1.7	179.3 (240)	9.3 (295)	1462.4 (64)
760	Continental Bancorp	1.7	159.0 (274)	15.4 (164)	1374.9 (76)
760	Crown Central Petrol	1.7	1059.5 (11)	4.2 (497)	384.4 (319)
762	Shared Medical Systm	1.7	98.3 (509)	12.9 (201)	81.4 (522)
763	Rowan Cos	1.7	242.7 (150)	72.4 (8)	481.1 (284)
764	Idaho Power	1.6	224.3 (174)	48.8 (18)	877.1 (178)
765	Deposit Guaranty	1.6	141.5 (324)	9.9 (270)	1265.7 (95)
766	Iowa-Illinois G & E	1.6	292.1 (97)	33.5 (47)	636.2 (229)
767	First Natl Cinc	1.6	151.9 (299)	15.0 (168)	1383.7 (74)
768	Minnesota Power	1.6	226.3 (171)	30.1 (63)	631.1 (230)
769	U S Trust	1.6	157.1 (281)	9.6 (279)	1412.3 (70)
770	Imperial Corp of Am	1.6	344.7 (78)	–38.3 (807)	3309.0 (18)
771	Merchants National	1.5	170.1 (254)	4.9 (469)	1283.2 (92)
772	Natl Bancshs Texas	1.5	135.8 (347)	10.4 (261)	1163.7 (114)
773	United Illuminating	1.5	288.1 (98)	43.4 (27)	648.3 (225)
774	Nationwide	1.5	467.8 (47)	19.2 (132)	2724.8 (22)
775	Zions Utah Bancorp	1.5	178.4 (243)	14.9 (170)	1476.7 (63)
776	First Oklahoma Bncp	1.5	251.7 (141)	12.7 (206)	2276.8 (35)
777	Helmerich & Payne	1.5	232.1 (168)	51.9 (16)	422.9 (305)
778	American Security	1.4	254.6 (136)	19.8 (126)	2352.8 (31)
779	Washington Wtr Pwr	1.4	242.7 (150)	41.6 (31)	748.2 (198)
780	Fin Corp of America	1.4	573.9 (30)	27.2 (83)	4894.1 (6)
781	Belco Petroleum	1.3	261.1 (123)	78.9 (6)	660.6 (223)
782	Mary Kay Cosmetics	1.3	235.5 (163)	27.4 (81)	118.0 (439)
783	Gibraltar Financial	1.3	436.1 (53)	–21.3 (796)	3868.1 (13)
784	Cray Research	1.2	116.1 (423)	15.6 (160)	184.2 (378)
785	Dorchester Gas	1.2	965.9 (13)	14.8 (172)	444.6 (294)
786	Tucson Electric Pwr	1.2	294.8 (94)	65.6 (11)	1374.1 (77)
787	Western Svngs & Ln	1.1	237.7 (160)	–34.2 (804)	2318.2 (33)
788	Liberty National	1.1	256.1 (134)	17.9 (141)	2133.0 (38)
789	Fedl Natl Mortgage	1.1	6830.9 (1)	–123.7 (808)	67961.8 (1)
790	El Paso Electric	1.1	253.1 (140)	66.4 (10)	1067.1 (137)
791	Old Stone	1.1	249.1 (143)	12.9 (201)	2018.8 (41)
792	Sensormatic Electrns	1.0	68.9 (678)	16.1 (158)	122.3 (428)
793	Amer Savings & Loan	0.9	313.0 (81)	–14.3 (794)	2506.1 (25)
794	Mesa Petroleum	0.9	415.2 (59)	143.9 (20	1846.3 (46)
795	Whitney Holding	0.9	271.8 (115)	43.7 (25)	2342.1 (32)
796	Fin Cp Santa Barbara	0.8	301.8 (86)	–11.5 (791)	2462.2 (27)
797	Key Pharmaceuticals	0.8	106.9 (471)	16.0 (159)	80.5 (527)
798	Pacific Resources	0.7	1648.6 (4)	13.1 (195)	727.8 (205)
799	Celeron	0.7	1275.8 (7)	88.0 (3)	960.4 (163)
800	TRANSOHIO Fincl	0.7	304.7 (82)	–34.0 (803)	3051.3 (20)
801	Broadview Financial	0.7	283.5 (105)	–36.9 (806)	2807.3 (21)
802	Financial Federation	0.6	501.3 (40)	1.0 (705)	4731.7 (7)
803	Gibraltar Savings	0.6	661.1 (25)	–36.6 (805)	6035.7 (4)
804	Berkshire Hathaway	0.6	805.5 (20)	54.9 (12)	2588.2 (24)
805	Southland Royalty	0.5	656.7 (27)	52.6 (14)	1253.4 (96)
806	Convergent Technolgs	0.4	233.6 (167)	28.8 (73)	244.2 (361)
807	First Executive	0.4	4589.6 (2)	70.8 (9)	9277.5 (3)
808	Pogo Producing	0.2	1311.2 (6)	241.9 (1)	4517.6 (9)

The Forbes/Wilshire 5000 Review



Mature growth? After weeks of sideways motion—and even a bit of backsliding—the averages are setting new records. By gaining 1.2% over the last two weeks, the Dow hit an alltime high of 1156.6. And the broad-based Wilshire advanced 2.2% over the same period, reaching another peak. Still, the market is moving more cautiously than it did earlier. While daily volume is still high, it is well below the record levels of August and October. The same goes for day-to-day swings in the major indexes. Meanwhile, with a P/E of 13.5 on the Wilshire, stocks continue to get pricier, relative to their depressed earnings.

Energy stocks are slowly moving back into favor. In fact, the sector analysis on the next page indicates that they are the major force behind the market gains. Regardless of whether this is a long-term trend or a short-term trading situation, the energy-dominated Amex, up 3.4% over two weeks and 4.8% over four, has benefited the most.

Numbers comparing the stock performances of large versus small firms are a new part of our Investor Yardsticks table. Note that small companies continue to outperform large companies. But the recent differential between the two groups is half the 52-week record. This could mean that investors are losing some of their fascination with the little guys.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	4.3	4.6	3.6	4.2	4.8	4.3
in last 52 weeks	37.2	34.9	38.0	35.1	45.8	52.9

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	3.7	6.4	6.1	3.4	4.7	4.1	2.8	4.3	5.0	3.8	4.7	5.4
in last 52 weeks	37.1	93.0	89.7	44.2	65.9	106.5	37.4	100.4	102.5	46.1	48.9	82.8

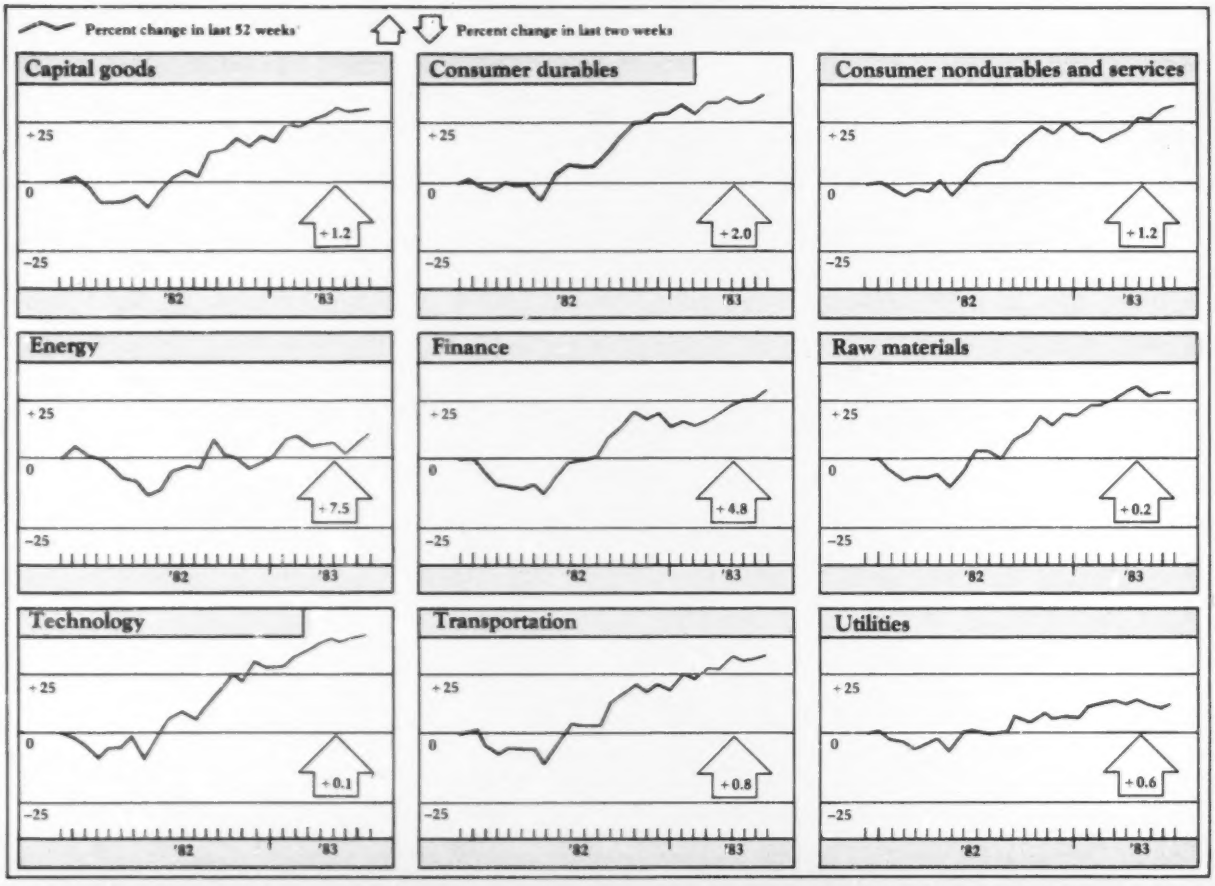
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/13/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Oil and money. The energy and finance sectors helped to push the market to new highs. During the last two weeks the oil stocks advanced 7.5%, and the finance group was up 4.8%. The other seven sectors, however, failed to keep pace. The weakest link was the technology group, which managed a slim 0.1% gain. Disappointing quarterly earnings reports for a number of well-known firms like NBI and Prime Computer helped point out the vulnerability of the high-tech group.

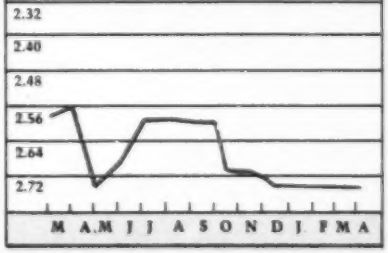
Consumer durables, meanwhile, benefited from the strength of the auto stocks. Successful new offerings by Chrysler and AMC added close to half a billion dollars in market capital. A pickup in auto sales also added to this sector's appeal.



What The Analysts Think

A little more doubt. Although sector rankings have not changed in nearly two months, analysts became a bit more pessimistic in the last two weeks. The buy/sell recommendations on four of the sectors and the consensus moved slightly closer to the sell side. Raw materials, however, shifted slightly in the more positive direction.

The experts' consensus



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Energy	2.65	1	1
2	Utilities	2.68	2	2
3	Technology	2.71	3	3
4	Capital goods	2.72	4	4
5	Transportation	2.74	5	5
6	Raw materials	2.75	6	6
7	Finance	2.80	7	7
8	Consumer nondurables	2.82	8	8
9	Consumer durables	2.88	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 4/13/83. Prepared by Wilshire Associates, Santa Monica, Calif.

MAY 23, 1983 THREE DOLLARS

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May 23, 1983
Volume 131,
Number 11

124 Cover Story: "Fiscal measures have created and destroyed industries even where this was not their intent."

30 Bethlehem Steel: "We're planning to be a little bit smaller but a lot better."

50 Maquiladoras: *Even the Japanese buy switches made in Mexico.*

30 Companies:
Bethlehem Steel
This is not your routine basket case. It has a plan, and the courage to think smaller.

33 Railroads:
Confounding The Doomsayers
Can an industry successfully downsize? Consider the railroads.

35 U.S. Industry:
Coming Back Home
A surprising number of companies are closing down their foreign production and returning to the U.S.

36 Banking:
Let The States Do It
In interstate banking, they are.

40 Hollywood:
An Old Issue Revived
What's the difference between a movie theater and a cable into your TV set?

46 Companies:
Ames Department Stores
Keeping 'em on Main Street.

48 Companies:
American Agronomics
As usual, the investors hurt worst were the last ones in.

50 Mexico:
Viva Maquiladoras
At least one part of the Mexican economy is still thriving.

56 The Up & Comers:
Ennis Business Forms
You can go home again, as it turns out.

58 The Up & Comers:
Sensormatic Electronics Corp.
When you have dominated your market, one answer is to move downscale.

65 Oil:
Before You Say No . . .
Drilling funds may be better deals today than when they were hot.

66 The Streetwalker:
"When The Widows And Orphans Get In"
A few warning signs in a frothy market.

70 Companies:
Cluett, Peabody
The Arrow shirt, seemingly, goes on forever. So what's wrong with that?

74 Energy:
Breaks For The Big Boys
Some of the utilities' biggest customers are using some newfound muscle.

76 Technology:
Computer Boom Jobs
Computer camp counselor? Software talent agent? Believe it: They're real jobs.

86 Companies:
Philips Industries Inc.
Jesse Philips triumphs after retirement.

119 Numbers Game:
Is The Party Over?
A federal judge shakes up option-rich executives. Also: Multiemployer pension plans.

122 Taxing Matters:
Takeover Taxes
The price of acquisitions may be going up—retroactively.

124 Cover Story:
The 20th Century's Greatest Economist
It is not John Maynard Keynes, but his contemporary, Joseph A. Schumpeter.

134 Companies:
Anchor Hocking
There isn't much point in $900 million in sales unless you're making money on it.

135 Companies:
Eagle Clothes
Here's a nice trick, if you can do it.

139 Companies:
Deluxe Check Printers
Who's afraid of the checkless society? Eugene Olson never was. But now. . . .

140 Companies:
Novo Industri
A Danish company takes on Eli Lilly.

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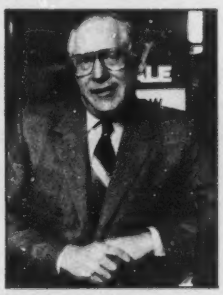

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Illustrations:
48, Laszlo Kubinyi; 40, 119, 122, Chas. B. Slackman; 124, 125, 126, 127, 128, Alan Reingold; 130, L.V. Bauer; 176, Tim Lewis
Cover Illustration: Alan Reingold

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1983 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

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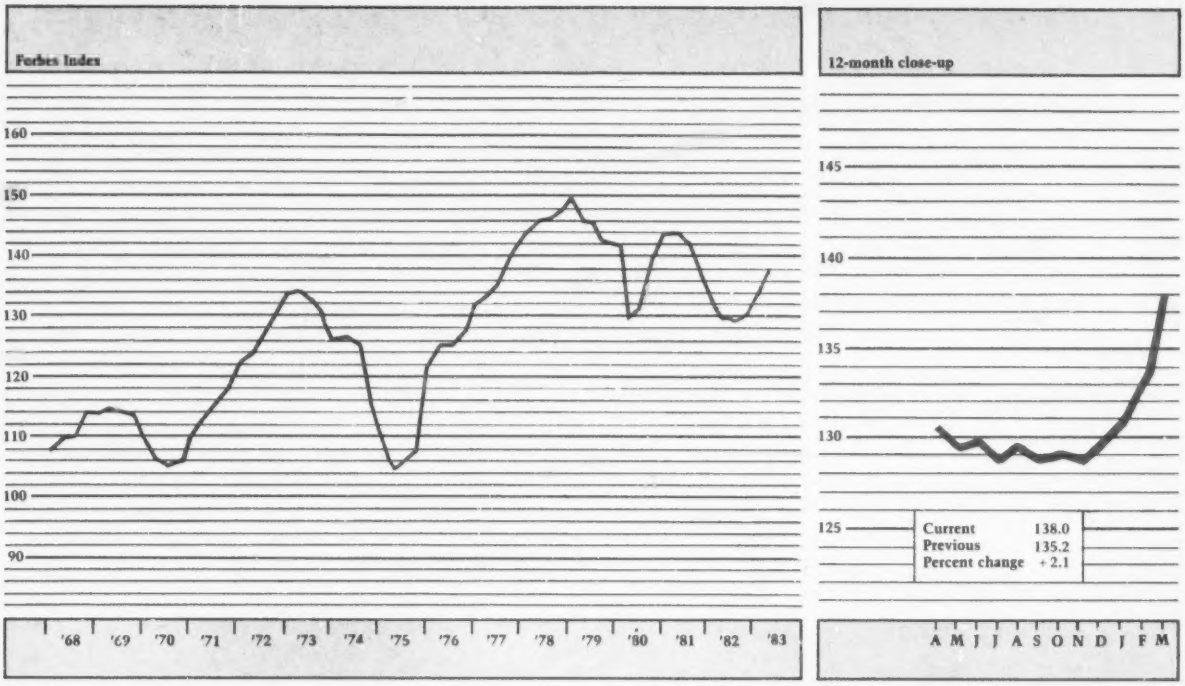
The Forbes Index



Gaining momentum. The Forbes Index is up 2.1%, a stronger showing than in the previous reporting period.

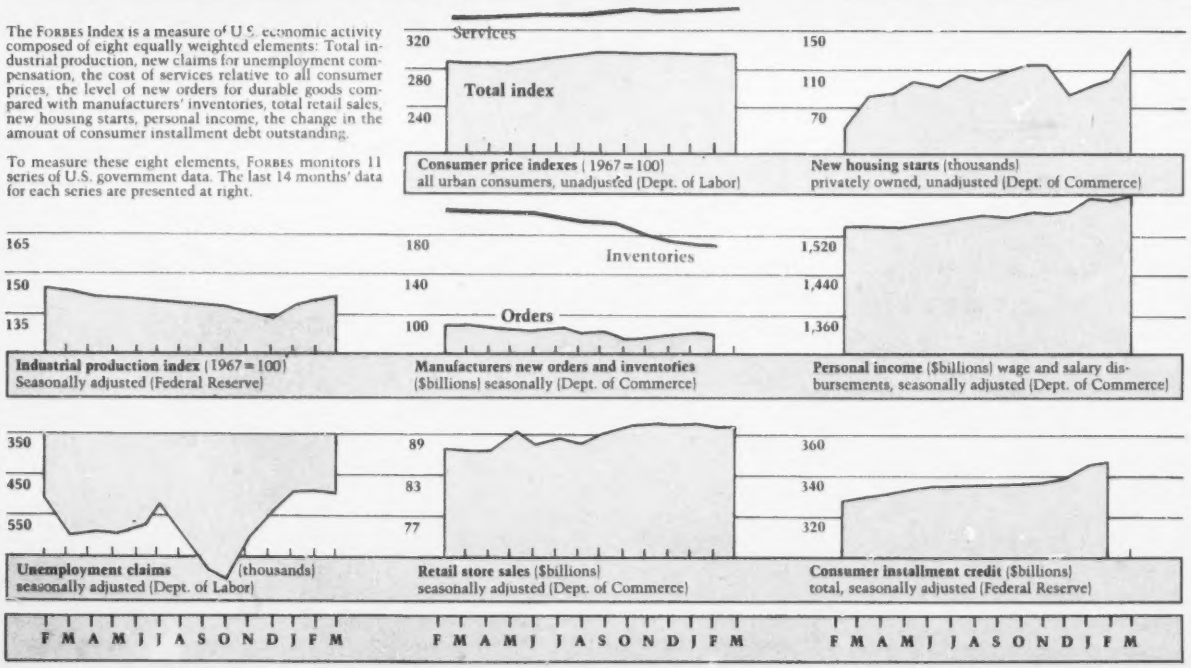
This time all signals that make up the Index flashed green. Industrial production, posting its biggest increase since February 1982, was up 1.1%. This compares with a 0.3% gain a month earlier. New housing starts jumped 40% in March, against a 5.1% rise in February.

Even though the economy is heating up, inflationary fires are not being rekindled. Both the service sector index and the start to Consumer Price Index moved up a scant 0.1%. If consumers spend heavily, 1983 could quickly turn into a banner year. The potential of this buying power is clear. Personal income in March gained 0.6%, vs. a 0.1% dip for the preceding reporting period.

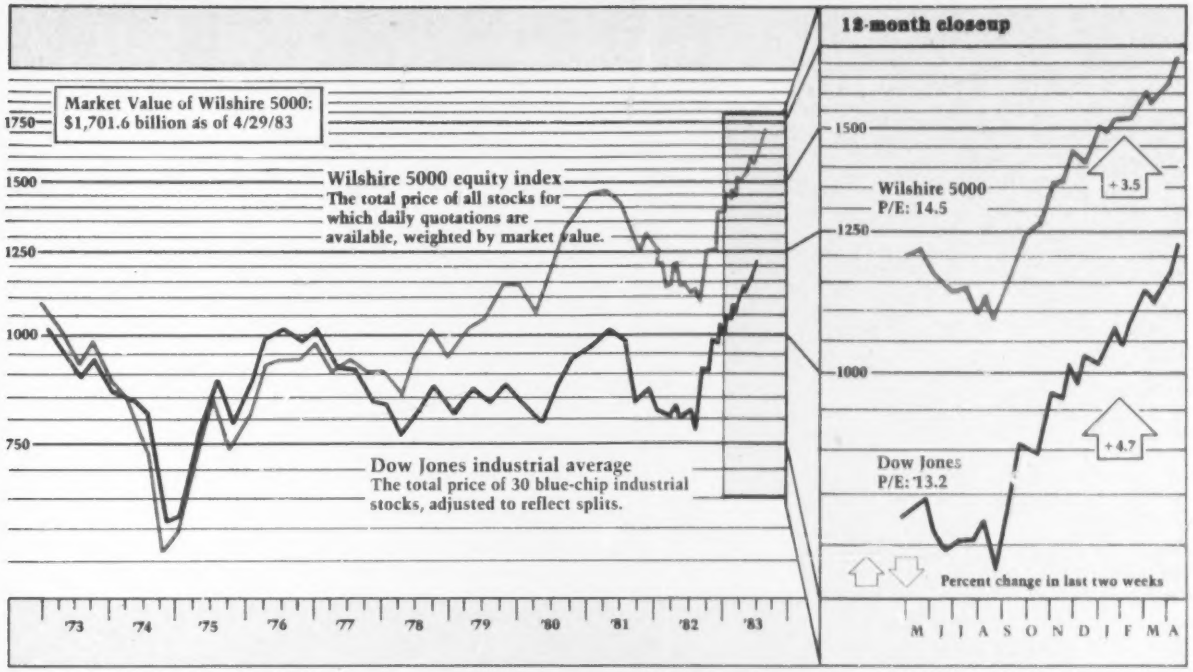
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review



Revved up. The market continues its move into uncharted territory. After flirting with the 1200 level for a number of sessions, the Dow finally closed above this benchmark—an achievement that early last summer only the most optimistic of market watchers thought possible. What's more important, of course, is that all other major indexes also made, and proceeded to break, new records. The 30-stock Dow industrials and the Amex market value index each advanced 4.7% over the last two weeks. The strength of the Amex is due, in part, to energy issues. Oils have been strong performers since mid-March.

The price-to-earnings multiple on the overall market is also performing impressively. The Wilshire index of almost 5,000 securities is now priced at an average 14.5 times earnings. Utilities, banks and energy are perhaps the only sectors where a significant number of companies now trade at less than 7 times earnings. Back in August, the entire market was trading in that range.

There were some encouraging signs in first-quarter profits—especially with the major auto firms—but other earnings announcements still brought plenty of recession-bred disappointments. The real question now: How much higher will investors push the price side of the P/E equation before they demand that earnings catch up?

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	7.3	7.3	2.5	7.1	9.6	8.2
in last 52 weeks	42.8	40.6	44.5	40.5	57.6	58.7

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	6.4	9.0	9.0	6.0	8.8	8.4	5.6	8.2	9.1	7.1	6.8	9.6
in last 52 weeks	42.0	100.9	97.1	47.7	70.8	114.2	40.7	109.4	108.7	50.2	54.2	93.5

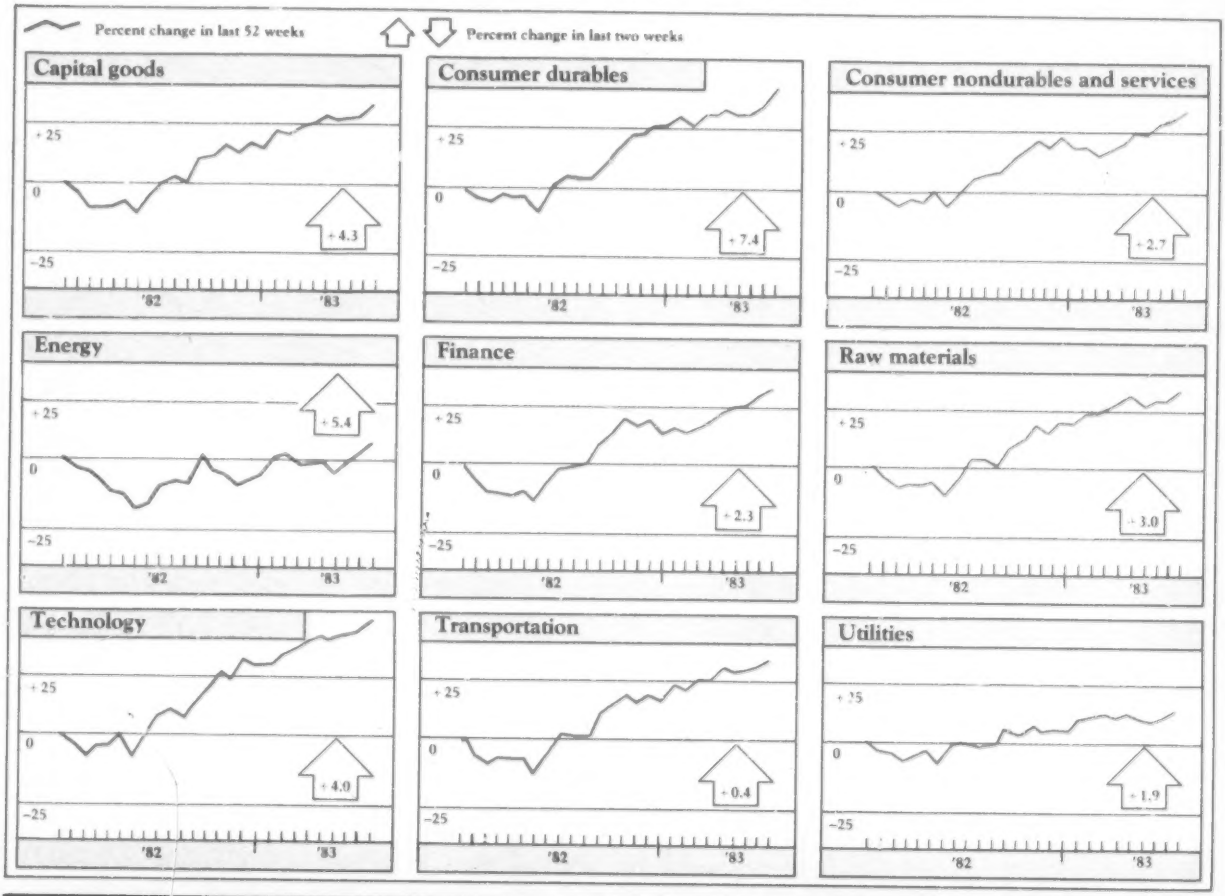
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/29/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

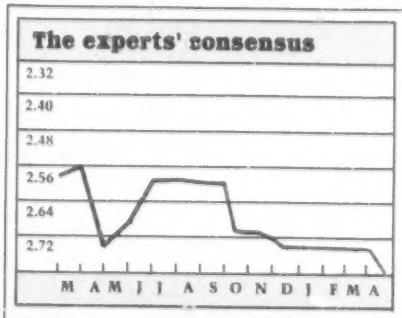
Route 66. Wall Street made a long overdue discovery—the automobile. During the last two weeks all four U.S. automakers hit 52-week highs. Profitable first quarters for GM, Ford and Chrysler surely helped, even though the numbers were boosted by inventory adjustments and income from finance subsidiaries.

Consumer durables led the industry groups with a 7.4% two-week gain. Several major air carriers, meanwhile, reported large losses, and the transportation group eked out only a 0.4% gain. Utilities were also comparatively weak, showing just a 1.9% rise in a market that was otherwise quite strong. Despite tempting yields and P/Es that are often half the market multiple, this group has not peformed well recently.



What The Analysts Think

Detour ahead? Stocks keep rising, but the composite buy/sell opinion of analysts surveyed by Wilshire Associates is now lower than at any time since we began monitoring this data last summer. Utilities, however, are clearly the analysts' current favorites. Do the experts anticipate rising interest rates and a falling market?



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.62	2	2
2	Energy	2.77	1	1
3	Technology	2.77	3	3
4	Capital goods	2.77	4	4
5	Raw materials	2.79	6	6
6	Finance	2.82	7	7
7	Transportation	2.86	5	5
8	Consumer nondurables	2.87	8	8
9	Consumer durables	2.91	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 4/29/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Funds investing outside the U.S. have missed much of the market's recent gain. Does that mean they will play catch-up soon?

Waiting for the double whammy

By John A. Byrne

THOSE VENTURESOME FOLKS who invest in funds that buy foreign stocks have missed much of the current market rally. As a group these funds show 12-month gains that are less than half those of their domestic counterparts. Until late last year, in fact, most of the funds ranked below carried annual performance declines.

The strong dollar caused much of the problem. Strip away currency losses, for example, and Kemper registered a respectable 12-month return of 14.2% through September 1982, even though its dollar-adjusted performance was –2.7%. That's only half the story: Unfortunately, many foreign equity markets were also weaker than Wall Street for economic reasons. As the adage goes, when the U.S. sneezes, the world catches a cold.

These days, however, the U.S. is performing impressively—and many experts think foreign stock economies could play catch-up. Other markets already appear to have bottomed. Since August, for example, exchanges in Europe, Australia and the Far East are up almost half as much as the U.S. averages. "Once the recovery gets under way, you'll find more upside potential overseas," says John Ford, vice president of Rowe Price-Fleming International.

Currency gains are possible, too. Many experts think the dollar is bound to soften, bringing an extra helping of gains to anyone with an international portfolio. "We now have the potential for a double whammy: the likely decline of the dollar and appreciation in foreign stock markets," says Nicholas Bratt, who manages Scudder International's $80 million portfolio.

The most important foreign market for most funds is Japan, where international investors typically have the greatest single portion of their assets. Among the most bullish at the moment is Ford of Rowe Price-Fleming. His $100 million fund is over 50% invested in Japan, up from 36% just six months ago. Ford favors what he calls "quality, cyclical companies" such as Asahi Glass, Matsushita Electric and Marui, a retailer.

Kemper's Robert Stephens, who manages his fund from Glasgow, is less enthusiastic about Japan. He thinks the growth of trade barriers will hurt Japanese exports and slow economic growth. He also prefers to keep his money out of well-known names such as Fujitsu and Hitachi-Maxell. Instead, fully 10% of Kemper's portfolio is invested in Japanese utilities like Kansai Electric Power. It offers a 5% dividend yield, vs. the 1.5% that's typical in Japan. Kansai and other utilities could benefit handsomely if the yen strengthens, oil prices continue to decline and interest rates fall.

Scudder's Bratt also saves most of his enthusiasm for elsewhere. "Although we think Japan is a good place from a secular point of view," he explains, "we see a stronger cyclical recovery in Europe, which has gone to the dogs for nearly ten years." Bratt is particularly optimistic about Belgium, which introduced a law in late 1981 that gives tax benefits for investing in the stock market. Similar legislation was enacted in France in 1978, he notes, and the market there doubled two years later. At the moment, 6% of Scudder International's portfolio is committed to Belgium, in holdings like E.B.E.S. and Electrobel, both utilities; Delhize, a food retailer; and Banque Bruxelles Lambert.

The Netherlands and Scandinavia are also now showing up in several international portfolios. "The stock markets there had been dull performers for a long time and were very much out of favor," says Stephens. "But buried among the dross are some very interesting nuggets." His glittering finds include Gist-Brocades, a Dutch biotechnology company that has risen 80% in value since September; Novo, Denmark's well-known insulin producer; Astro, a Swedish pharmaceutical concern; and L.M. Ericsson, the telecommunications giant.

Before you pour money into an international fund, however, remember that the optimistic outlook for these investments rests heavily on the strength of the U.S. recovery. If the economy here falters, turnarounds elsewhere could do worse than merely stall. In addition, rising interest rates in the U.S. could keep the dollar strong and eliminate the chance for currency conversion gains. ■

Home is where the action was

These six funds invest entirely outside the U.S. As the numbers indicate, this has produced below-average results in recent months. But portfolios with a foreign accent will benefit if the dollar weakens and if overseas economies emulate the U.S.' recovery.

Fund	Assets (millions)	Performance 5-year (to Mar '83)	Performance 1-year (to Mar '83)	Performance first-quarter
Great Pacific Fund	$ 13.9	41.5%	11.9%	3.8%
Kemper International	26.5	—	25.1	7.7
Merrill Lynch Pacific	40.0	72.8	21.5	0.8
Scudder International	79.1	95.6	31.5	12.8
T Rowe Price International	101.0	—	25.9	4.9
Transatlantic Fund	27.8	65.7	20.4	14.3
Composite of international funds		68.9	22.7	7.4
Composite of domestic funds		172.2	48.9	11.4

Source: Lipper Analytical Services

Statistical Spotlight

In good times and bad, someone has to take away the garbage. If you can do it better and cheaper, you're a service company.

New wave?

By Steve Kichen and Paul Bornstein

GRANTED THAT the line between manufacturing and service companies has always been a little fuzzy, the trend has nevertheless been clear. Most people are likely to have increasing amounts of time and disposable income to consume the services of others—whether it be restaurants, movies, physical fitness or recreation centers or investment management. The question is, how's an aggressive investor to play the trend? Where are the services growth stocks of tomorrow to be found?

Recall how Ray Kroc took the old hamburger and offered a low-priced, standardized product that put McDonald's on the map of almost every major town in America? Too late. With annual sales of $2.8 billion and a McDonald's, Burger King or Wendy's already occupying the choicest real estate, it is unlikely that McDonald's will ever be able to repeat its earlier growth rate. Now McDonald's is fine, if it's blue chips you want.

But something like Chi-Chi's—one of 11 food companies in the table below—could still have its best years ahead of it. Chi-Chi's operates family-style Mexican restaurants. There were only four stores just four years ago. Now there are 94, compared with McDonald's more than 5,900—and that's in the U.S. alone. Maybe management can continue to provide the right strategy for growth, maybe not. According to analyst Ronald Strauss of William Blair, Chi-Chi's growth will slow somewhat, but it will still be well over 20% for the next few years. If you're hunting for the spectacular successes of tomorrow, those kinds of numbers sound appealing.

We culled the databases at Los Angeles' William O'Neil & Co. for a list of possible high-growth candidates in the services sector. We looked for companies that look today like McDonald's did in, say, 1965. We wanted revenues not yet $200 million; good debt-to-equity ratios, earnings trends, growth rates; and good returns on equity. In addition to the expected crop of fast-food servers, we found several interesting firms.

Take Solon Automated Services, which runs coin-operated laundries in apartment buildings. Or Laidlaw Industries, which collects and disposes of solid waste.

The earnings of most of the listed companies have greatly outperformed the S&P's 500 for the past five years *(see table)*. Eight of these companies outgrew it 1,000% or more. (Keep in

Selective services

Like any company, once a service firm grows very large, it becomes harder to expand earnings at a high rate. These 61 firms—all with sales under $200 million—should still be a long way from topping out.

Exch	Company/business	Recent price	Latest —12-months— EPS	Latest —12-months— P/E	Earnings growth relative to S&P's 500	—Return on equity— 5-year average	—Return on equity— latest 12 months	Sales* (mil)	Debt/ equity
o	**ACMAT Corp**/building contractor	9	$0.78	11.5	1,007%	22%	26%	$18.9	55%
n	**Advest Group**/securities brokerage	23⅞	1.55	15.4	255	22	18	88.3	14
o	**AFA Protective Sys**/fire, theft protection	37	4.31	8.6	550	NA	15	17.4	23
o	**Amer Recreation Ctrs**/bowling centers	16	1.48	10.8	255	19	17	19.4	59
o	**Aviation Group**/airfreight services	25¼	1.11	22.7	NA	NA	25	23.9	48
a	**BDM Intl**/tech svcs for Defense Dept	61	2.06	29.6	268	19	18	118.3	0
a	**Beefsteak Charlie's**/restaurants	7⅝	0.84	9.1	523	18	23	100.0	48
a	**Bowl America**/bowling centers	9⅛	1.18	7.7	121	17	17	16.7	28
o	**CERBERONICS**/eng svcs for Defense Dept	22¾	1.20	19.0	711	23	35	18.9	0
o	**Chi-Chi's**/Mex-style restaurants	24⅜	0.56	43.5	1,517	10	32	76.4	96
o	**Comarco**/engineering svcs	15½	0.46	33.7	1,141	NA	16	16.4	82
o	**Comdata Network**/money transfer svcs	40½	0.78	51.9	671	42	40	26.5	4
o	**Commonwealth Theaters**/movie theaters	24	2.28	10.1	174	17	17	79.2	63
o	**Commun Inds**/communication svcs	32¾	1.05	31.2	322	19	19	61.5	4
n	**Com Psychiatric Ctrs**/psychiatric hosps	32⅜	1.17	27.7	416	22	25	126.1	50
o	**Comprehensive Care**/health care svcs	29	1.00	29.0	631	22	20	83.6	9
o	**Computer Factory**/computer stores	11¾	0.32	36.7	1,221	NA	24	13.3	0
a	**Countrywide Credit Inds**/first mortgage loans	10¼	0.43	23.8	255	35	17	13.2	NA
o	**CP Rehab**/health care svcs	18½	0.22	84.1	752	26	18	6.3	10
o	**Cracker Brl Old Cty St**/restaurants, gift shops	26	1.19	21.8	255	21	20	40.2	81

*Latest 12 months. NA: Not available. NM: Not meaningful. a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Source: William O'Neil & Co.

mind that, over time, such growth rates must slow down.)

Nutri/System leads our list with a relative growth rate of 1,611%. Its popular weight-loss centers multiplied from 111 in July 1978 to 660 in January 1983. Analyst Donald Heeter of Tucker Anthony advises, "This company won't see the growth that it has averaged over the past five years, but over the next three years the figure could average 20% to 25%." Since 1981 Nutri/System has acquired Fox Morris, a personnel agency, Gloria Marshall Figure Salons and Nutrient Cosmetics, but it has yet to show that it can wring the same levels of growth from these new businesses.

Comdata Network is on the leading edge of electronic funds transfer, with an especially popular product: instant cash. The company got started by providing truckers with quick cash while they are on the road, then expanded into the casino market, where it services patrons who have credit cards but a sudden shortage of chips. Comdata's latest service is a product called Comvoy, which lets truckers tap into computers to look for a paying load for the return trip.

As the postwar baby boom ages, health care services will come into their own. Comprehensive Care, for example, owns and operates 11 hospitals for alcoholism and emotional problems and also has 94 contract programs, mainly for alcoholism, in other hospitals. The firm made its name by treating such personalities as Billy Carter and Betty Ford. Jules Marx, at Laidlaw, Adams, feels Comprehensive Care still has a lot of opportunities: "The company generated some $75 million in cash over the past three years and now has the ability to add more freestanding hospitals."

Since fixed costs are usually much lower in services than in relatively capital-intensive manufacturing, service companies are less vulnerable to cyclical economic swings. Yet they still can take advantage of economies of scale, product standardization and centralized management and training. But only a select few will achieve as prosperous a middle age as McDonald's. Remember Wesson's Hamburgers, Carrols Hamburgers and Gino's? How about Itel, once a star in the computer-leasing field, now struggling to get out of Chapter 11? Seventeen of the following companies sell at a dicey P/E of 29 or more—at least 2 times higher than the Wilshire.

As you shop, look for well-managed companies with good products, strong brand identification and an ability to adjust to shifting markets. Anything dependent on what might be just a passing fad—like the marriage of pizza pies and video games—could quickly pass from the scene. ■

Exch	Company/business	Recent price	Latest —12-months— EPS	Latest —12-months— P/E	Earnings growth relative to S&P's 500	—Return on equity— 5-year average	—Return on equity— latest 12 months	Sales* (mil)	Debt/ equity
o	**Discount Corp of NY/financial services**	83	$23.26	3.6	NA	40%	47%	$194.0	16%
n	**Dreyfus Corp/manages mutual funds**	54	6.50	8.3	966%	38	59	122.3	0
o	**Dunkin' Donuts/donut shops**	21⅝	1.46	14.8	242	18	19	77.6	81
o	**Evaluation Resrch/eng svcs for Defense Dept**	10½	0.44	23.9	322	25	24	17.3	55
a	**Geothermal Res Intl/leases trans eq; geothm**	11½	1.79	6.4	NA	19	28	17.7	4
o	**Godfather's Pizza/pizza restaurants**	21⅝	0.65	33.3	1,503	60	83	40.2	76
o	**Grey Advertising/advertising**	89	11.22	7.9	121	22	21	142.1	2
a	**Gross Telecasting/broadcasting**	51⅝	4.26	12.1	134	17	18	14.1	0
n	**Integrated Resources/financial services**	35⅜	2.42	14.6	644	14	18	176.0	86
o	**IRT Corp/R&D for Defense Dept**	7¼	0.26	27.9	322	4	18	13.3	56
o	**Kelly Johnston Ent/Mex-style restaurants**	14⅜	0.43	33.4	1,382	24	19	36.2	50
o	**Laidlaw Inds/waste disposal svcs**	21	0.92	22.8	309	17	18	74.6	38
o	**LCS Inds/direct mail, mktg svcs**	9½	0.53	17.9	NA	8	26	9.4	45
o	**Lil' Champ Food Stores/convenience stores**	22½	1.54	14.6	255	15	17	60.6	24
o	**LIN Broadcasting/broadcasting**	36½	1.85	19.7	242	19	19	88.4	97
n	**Lomas & Nettleton Fnl/mortgage banking**	54⅞	3.43	16.0	322	18	19	166.4	51
n	**Luby's Cafeterias/cafeterias**	30⅛	1.43	21.1	282	22	23	135.5	9
o	**Nuclear Support Svcs/tech svcs for utilities**	12¼	0.93	13.2	1,423	41	34	18.0	0
n	**Nutri/System/weight-loss centers**	25¼	2.15	11.7	1,611	54	66	167.5	0
o	**Payco American/collection agency**	14½	0.97	14.9	309	14	21	38.3	0
o	**Perceptronics/R&D for US government**	13¾	0.25	55.0	NA	13	33	5.5	2
o	**Pioneer Group/undrwrts, distrib mut funds**	40½	1.93	21.0	591	68	61	15.1	0
o	**Pizza Ventures/Godfather's Pizza franchises**	31	0.71	43.7	523	33	27	19.6	11
o	**Quotron Systems/financial information svcs**	53½	1.05	51.0	403	20	19	120.9	1
o	**RCM Technologies/tech supt aerospace ind**	¾	0.04	18.8	NA	4	15	6.7	1
o	**Rehab Hosp Svcs/health care svcs**	13¼	0.41	32.3	NA	20	22	8.5	87
n	**Rollins Envir Svcs/pollution control svcs**	16¼	0.62	26.2	NA	4	19	43.8	66
o	**Ryan's Family Steak House/restaurants**	37¼	0.71	52.5	886	32	41	11.8	92
o	**Safecard Services/credit card loss svcs**	22	0.79	27.8	523	26	33	47.1	0
o	**Sandwich Chef/restaurants**	15½	0.76	20.4	NA	NA	26	18.3	14
o	**Seven Oaks Intl/coupon redemptions**	13	0.60	21.7	81	29	15	16.7	3
o	**Shop & Go/convenience stores**	9¼	0.93	9.9	362	23	25	193.8	16
o	**Snelling & Snelling/employment centers**	6½	1.12	5.8	483	20	22	21.8	47
o	**Solen Automated Svcs/coin-op laundries**	29	2.65	10.9	148	17	18	99.3	52
o	**Synergistic Com Grp/mktg & ad research, svcs**	6⅞	0.81	8.5	577	19	42	17.1	79
o	**Taco Viva/Mex-style fast food**	14¾	0.58	25.4	242	NA	NA	14.4	NA
o	**Telecredit Inc/credit authorizing svcs**	28	0.97	28.9	470	13	15	60.5	3
a	**Telesphere Intl/hotel phone accounting**	15⅞	0.14	NM	NA	NA	30	18.7	1
o	**United Television/TV stations**	13	0.80	16.3	NA	22	30	43.1	16
a	**URS Corp/eng, architectural svcs**	12¾	1.56	8.2	148	16	20	94.2	53
o	**US Health Care Sys/health care svcs**	44	0.44	NM	NA	NA	NA	59.8	NA

*Latest 12 months. NA: Not available. NM: Not meaningful. a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter.

Source: William O'Neil & Co.

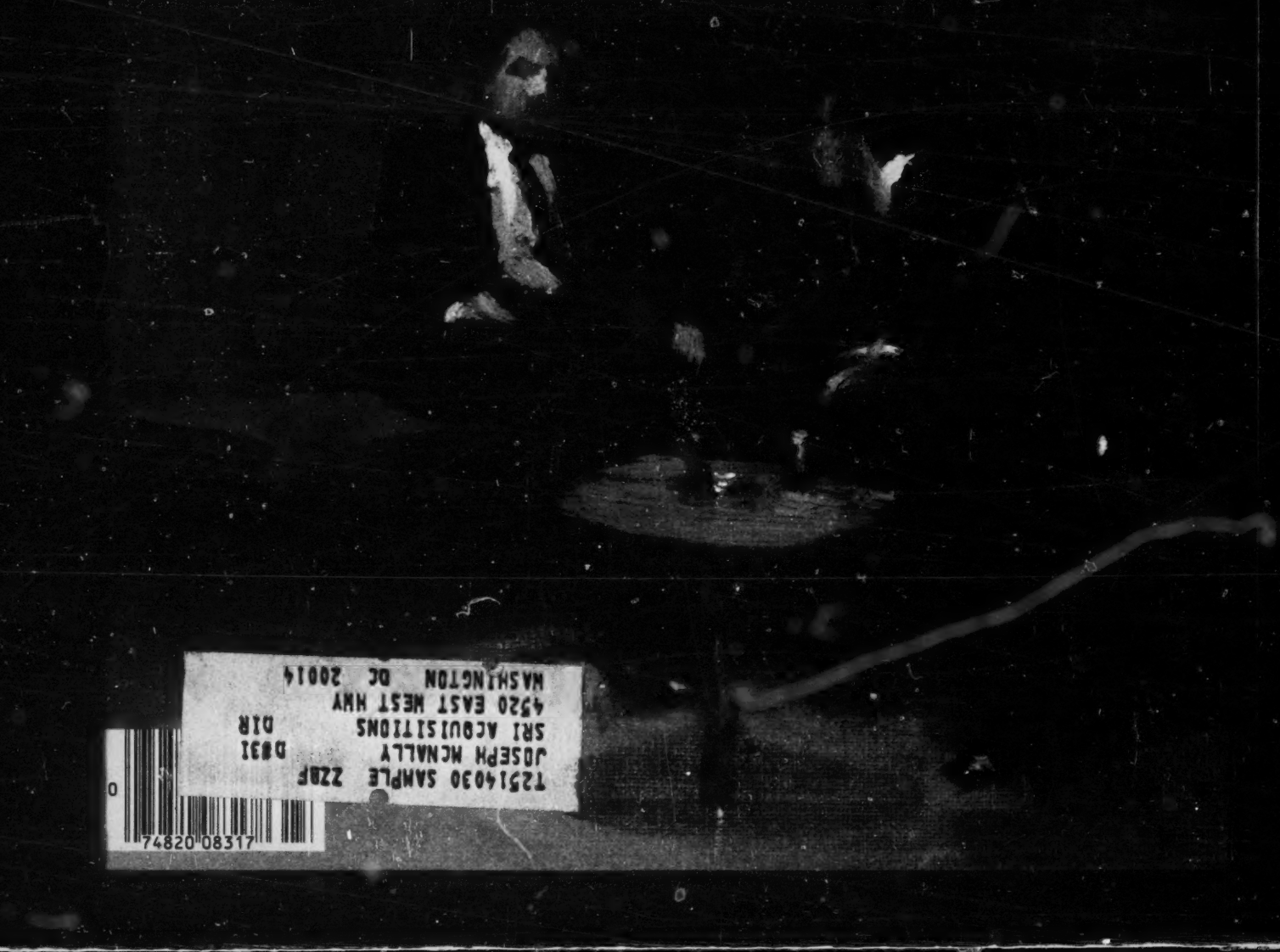
JUNE 6, 1983 THREE DOLLARS

C 3950-1 5/25/83

Forbes

Top executives from archrivals Hertz and Avis usually don't have cozy chats. But on Feb. 4, 1982 Joseph Vittoria, president of Hertz Europe, huddled with Avis CEO J. Patrick Barrett in the TWA Ambassador Lounge at JFK Airport. Subject: the presidency of Avis. Vittoria was en route to his Hertz post in London, and Barrett wanted to sound him out before the plane took off.

Within weeks of the clandestine meeting, Vittoria agreed to leave the driver's seat of Hertz Europe and try harder at Avis, where he is now president. He is also a defendant in a notable—and increasingly common—kind of lawsuit. His ex-employer claims he had no right to change hats and head up the competition. This, despite the facts that Vittoria had been removed from the presidency of Hertz and that . . . *(the story "Who owns your brains?" continues on page 168)*



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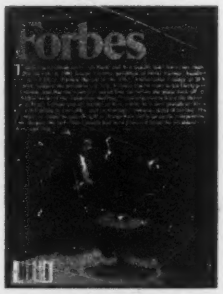
June 6, 1983
Volume 131,
Number 12



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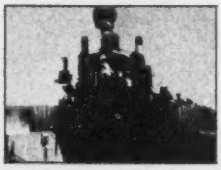

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Photos:
6, Peter Arnold; 10, UPI; 12, Joyce Ravid; 18, John Launois/Black Star; 39, Randy Taylor/Sygma; 42 top, Allan Dodds Frank; 42 bottom, Jim McHugh; 46, John McDermott; 50, Buck Miller/Black Star; 52, Sal DiMarco Jr./Black Star; 56, Armen Kachaturian; 68, 108, Sally Fear; 73, 78, 79, Rafael Nolman/Gamma Liaison; 74, 76, Ghislaine Morel/Gamma Liaison; 82, 100, 114, Michael Abramson; 104, Ben Weaver/Camera 5; 107, Kurt Eckhard; 116, 117, Dr. Frank Duffy; 121, Bettmann Archive; 156, Robert Forbes; 180 top, Peter Tenzer; 180 bottom, Bill Kelly; 181 top, Fred DeVan; 181 bottom, Jim Pozarik; 182, Stu West; 184 top, John Starkey/Black Star; 184 bottom, Bruce McAllister/Liaison; 200, Peter Arnold

Illustrations:
45, 98, 162, Chas. B. Slackman; 120, Bob Conrad; 121, 122, Laszlo Kubinyi; 196, 198, Tim Lewis; 168, 169, 170, 171, 174, 176, 179, Milt Kobayashi

Cover Illustration: Milt Kobayashi

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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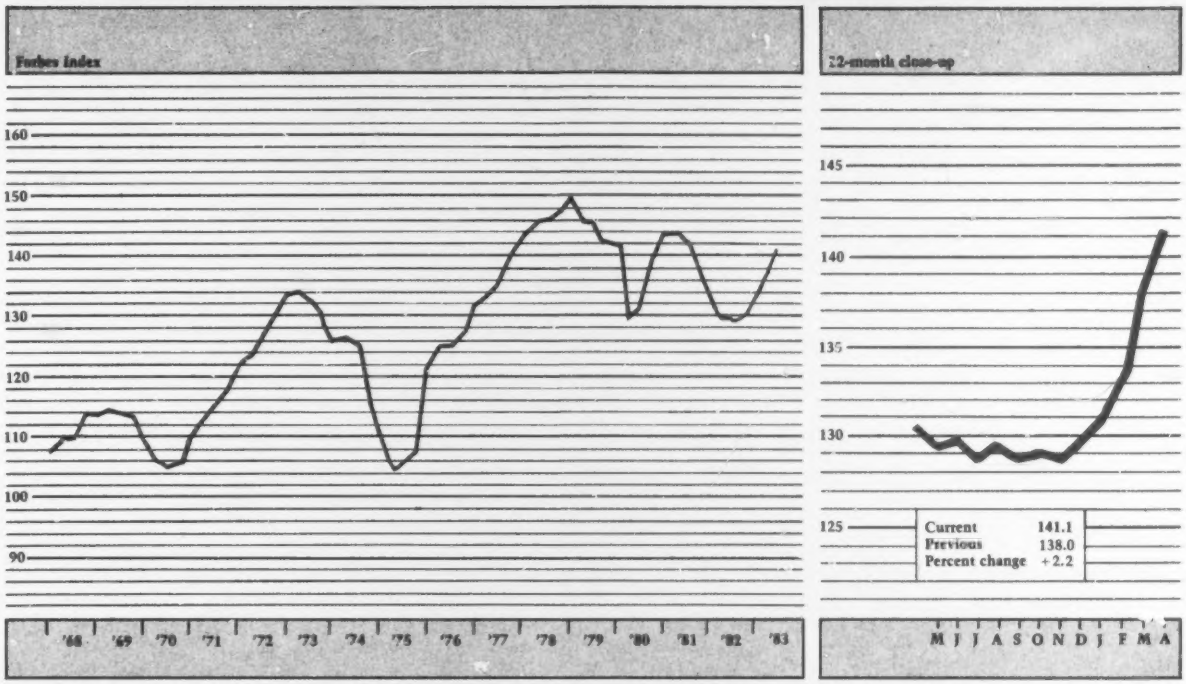
The Forbes Index



Rolling along. For the sixth time in a row, the Forbes Index is up, with most elements signaling a rosy economy.

Industrial production surged ahead last month with a solid 2.1% increase. Compare that with the 1.7% increase for the previous three months combined. Adding yet more justification to hopes for a sustained recovery, manufacturers' new orders picked up from a sad 3.5% decline in February to show an increase of that much in March.

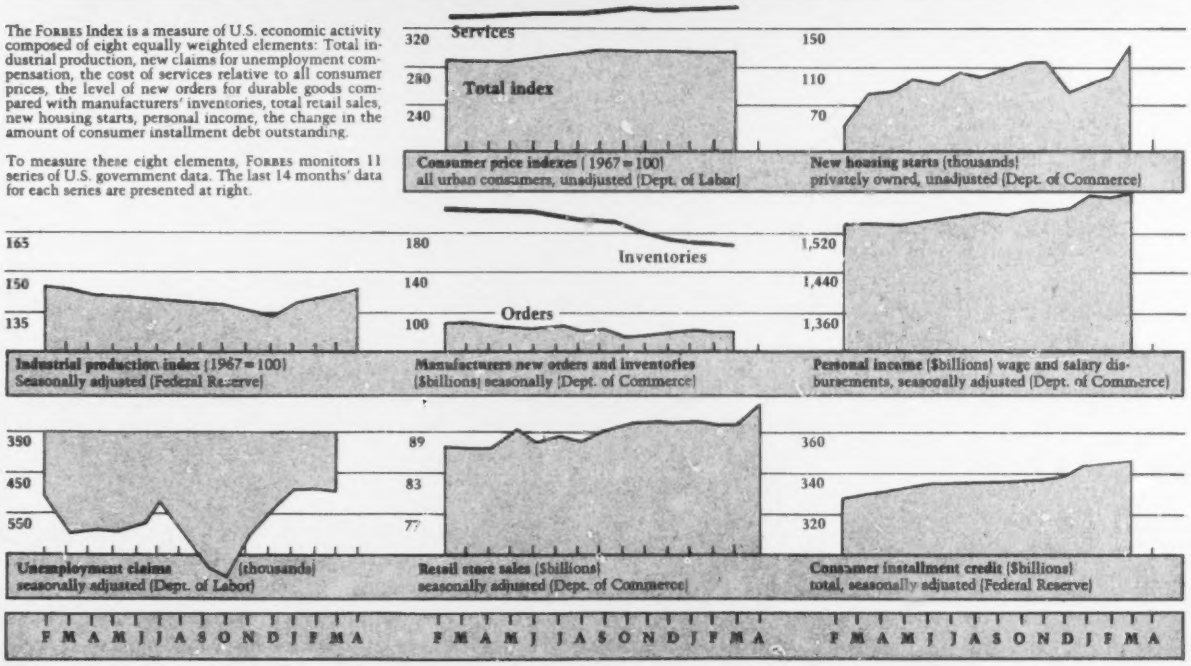
For a little more good news, it doesn't even look like all this new economic activity is contributing to overstocked warehouses, as inventories continue to be pared down—by 1.4% in March.

Consumers seem to be joining the party, with outstanding installment credit rising 0.8% in March against 0.2% the previous month. Retail store sales were up 1.6% in April, slightly less than March's 1.7% rise.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



Here's our list of chief executives' salaries. To get into the top ten it helps to work hard. But the odds go way up if you start your own company and it's in a service business.

The $50 million man

It may come as a shock to learn that in a recession year, when hundreds of businesses were running into the red and the jobless rolls were mounting, a pair of executives earned close to $100 million between them. The income of each of the top two executives on this roster—Federal Express' Frederick Smith and Toys "R" Us' Charles Lazarus—was double that of last year's leader. Smith took home a cool $51.5 million, and Lazarus earned $43.8 million.

These were not salaries but rewards for entrepreneurship. Smith founded Federal Express; Lazarus pulled Toys "R" Us up from bankruptcy. The bulk of their earnings came from the exercise of stock options granted years ago.

Smith, for example, had warrants to purchase Federal Express shares for only 63 cents. Its stock now trades at $82. That's because his ten-year-old company earned $78 million last year, employs 12,500 people and helped create the fast-growing air parcel delivery business. Toys "R" Us is nearly as big, with earnings of $64 million and over 10,000 employees.

Scan the names of the ten best-paid and you will find two other owner-managers. Ronald Assaf cofounded Sensormatic Electronics, which makes electronic detectors for retailers, in 1967, and Richard Eamer helped launch National Medical Enterprises, the hospital management company, in 1969. Both entrepreneurs scored big in 1982 by acquiring low-cost shares.

In this year's top ten the first seven firms are service companies. They do everything from offering financial advice to towing oil rigs. Representatives of classic smokestack America? Way down the list.

Our survey includes the chief executives of 808 companies that were ranked in one or more of the Forbes 500s lists. And here's the interesting point: The big rewards do not go—as the public seemingly thinks—to those who run our big corporations. Rock stars, athletes and TV personalities make much more money than most senior executives in large corporations. If you want to make more money than Jane Fonda or Willie Nelson, don't work for Exxon or IBM; start your own business.

Making comparisons can be tricky. Year-to-year earnings figures can be distorted by compensation deferred from prior periods and paid in 1982. Particularly big numbers often mean that an executive is benefiting from stock appreciation over an extended period of time.

Note, too, that our figures are for chief executives only—and in businesses in which incentive compensation is common, the boss is not necessarily the man with the biggest paycheck. Disclosure rules require that a corporation list only the earnings of its five highest-paid officers. At Phibro-Salomon, for example, that didn't include Chief Executive David Tendler. John Gutfreund, who runs Salomon Brothers and scored big because of booming brokerage business, took home $2.5 million in salary and bonuses.

Even with its limits, of course, this list makes for fascinating reading. But while you are recasting your career goals to join the big payers, keep your eye on Wall Street. Stock appreciation is a major component of most seven-figure compensation packages. With the market's rash of new records, don't be surprised if 1983 brings the first $100 million man.

Definitions

The Securities & Exchange Commission's latest requirements for proxy statements are the basis for the numbers in the table that follows.

Salary and bonus
Includes—in addition to salary and cash bonuses—directors' fees, commissions and payments made on long-term incentive plans.

Benefits
Includes cash-equivalent forms of compensation such as company-paid life insurance premiums or club dues, use of company car or plane and other fringe benefits; also stock bonus awards, thrift plan contributions and restricted stock awards vested or released from restrictions in 1982.

Contingent remuneration
Includes the amounts expensed for deferred compensation agreements and accruals (or credits) under performance-related long-term incentive plans.

Stock gains
Includes net value realized in shares or cash from the *exercise* of stock options and/or stock appreciation rights (SARs) granted in prior years. SARs may have been previously reported as contingent remuneration.

The Top Ten

1

Frederick W. Smith Federal Express		
$ 413,590	Salary & bonus	$ 675,183
704	Benefits	117,436
—	Contingent	—
51,129,969	Stock gains	2,652,099
$51,544,263	Total	$3,444,718

6

Richard K. Eamer National Medical Enterprises	

2

Charles Lazarus Toys 'R' Us		
$ 1,430,616	Salary & bonus	$ 708,161
12,292	Benefits	4,956
45,400	Contingent	32,041
42,359,753	Stock gains	2,468,372
$43,848,061	Total	$3,213,530

7

John P. Laborde Tidewater	

3

Ronald G. Assaf Sensormatic Electronics		
$ 249,712	Salary & bonus	$ 887,917
33,276	Benefits	351,577
7,826	Contingent	611,121
6,994,715	Stock gains	1,145,421
$7,285,529	Total	$2,996,036

8

David J. Mahoney Norton Simon	

4

Steven J. Ross Warner Communications		
$2,301,497	Salary & bonus	$1,181,414
95,741	Benefits	351,626
1,283,835	Contingent	1,377,595
—	Stock gains	—
$3,681,073	Total	$2,910,635

9

Thomas V. Jones Northrop	

5

George L. Shinn First Boston		
$2,000,000	Salary & bonus	$ 750,000
73,876	Benefits	74,897
369,170	Contingent	19,567
1,089,757	Stock gains	1,701,170
$3,532,803	Total	$2,545,634

10

Harrington Drake Dun & Bradstreet	

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contingent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
25	Abbott Laboratories	Robert A Schoellhorn (54)	474	11	284	1,013	1,783	9	4	Philadelphia, Pa	Technical
200	Advanced Micro Devcs	Walter J Sanders III (46)	340	409	—	—	749	14	14	Chicago, Ill	Founder
141	Aetna Life & Cas	John H Filer (58)	657	39	—	206	902	24	10	New Haven, Conn	Insurance
755	Affiliated Bshs Colo	[2]Thomas S Moon (61)	186	17	—	—	203	30	10	Denver, Colo	Banking
387	H F Ahmanson	William H Ahmanson (57)	437	—	62	—	499	33	14	Omaha, Neb	Administration
255	Air Prods & Chems	Edward Donley (61)	554	77	11	—	642	40	9	Highland Park, Mich	Technical
70	Albertson's	Warren E McCain (57)	495	13	18	688	1,212	31	6	Logan, Kan	Operations
339	Alco Standard	Ray B Mundt (54)	527	7	16	—	550	13	3	Appleton, Wisc	Operations
497	Alexander & Alexander	John A Bogardus Jr (55)	387	11	—	—	398	32	4	New York, NY	Insurance
205	Alleghany	Fred M Kirby (63)	687	45	—	—	733	25	15	Wilkes Barre, Pa	Investment
96	Allegheny Intl	Robert J Buckley (59)	785	220	53	—	1,059	11	8	New York, NY	Operations
686	Allegheny Power	Charles B Finch (63)	250	10	—	—	260	29	11	New York, NY	Legal
688	Allied Bancshares	Gerald H Smith (52)	162	24	—	74	259	24	11	Groveton, Tex	Banking
121	Allied Corp	Edward L Hennessy Jr (55)	830	127	24	—	980	4	4	Boston, Mass	Finance
71	Allied Stores	Thomas M Macioce (64)	725	471	11	—	1,207[3]	23	11	New York, NY	Legal
305	Allis-Chalmers	David C Scott (67)	435	85	72	—	592	14	14	Akron, Ohio	Technical
292	Alcoa	[4]W H Krome George (65)	552	29	23	—	604	41	8	St Louis, Mo	Technical
415	AMAX	Pierre Gousseland (61)	429	37	—	—	466	34	6	France	Technical
60	Amerada Hess	Philip Kramer (62)	400	20	359	488	1,267	14	1	New York, NY	Administration
621	American Bancorp	Samuel A McCullough (44)	282	20	4	—	307	7	5	Pittsburgh, Pa	Banking
114	American Brands	Edward W Whittemore (60)	569	52	369	17	1,006	36	2	New York, NY	Marketing
63	Amer Broadcasting	Leonard H Goldenson (77)	800	82	371	—	1,253	49	33	Scottdale, Pa	Legal
409	American Can	William S Woodside (61)	440	37	—	—	477	33	3	Columbus, Ohio	Operations
385	American Cyanamid	[5]Dr James G Affleck (60)	475	40	-16	—	500	36	7	Yonkers, NY	Administration
533	American Elec Power	Willis S White Jr (56)	355	9	9	—	374	34	7	Portsmouth, Va	Technical
105	American Express	James D Robinson III (47)	884	12	66	73	1,035	12	6	Atlanta, Ga	Finance
738	American Fletcher	Frank E McKinney Jr (44)	210	1	3	—	214	15	10	Indianapolis, Ind	Banking
279	American General	Harold S Hook (51)	553	41	21	—	615	12	4	Kansas City, Mo	Insurance
680	American Greetings	Irving I Stone (74)	250	13	—	—	263	59	23	Cleveland, Ohio	Founder
38	American Home Prod	John W Culligan (66)	750	—	382	330	1,462	46	2	Newark, NJ	Marketing
53	Amer Hospital Supply	Karl D Bays (49)	598	28	68	648	1,342	24	12	Loyall, Ky	Sales
213	American Intl Group	Maurice R Greenberg (58)	713	3	—	—	715	22	16	New York, NY	Insurance
104	Amer Medical Intl	Royce Diener (65)	765	4	266	—	1,035	13	7	Baltimore, Md	Finance
529	American Motors	W Paul Tippett Jr (50)	357	5	14	—	377	4	1	Cincinnati, Ohio	Marketing
662	American Natl Ins	Orson C Clay (52)	273	7	—	—	281	12	5	Bountiful, Utah	Administration
355	Am Natural Resources	Arthur R Seder Jr (63)	512	18	—	—	530	23	6	Oak Park, Ill	Legal
342	American Petrofina	[6]Richard I Galland (66)	320	46	—	181	547	25	14	Denver, Colo	Legal
800	Amer Savings & Loan	Morris N Broad (48)	150	2	-1	—	151	26	18	Burlington, Vt	Finance
468	American Security	W Jarvis Moody (55)	339	1	—	80	420	19	3	Mineola, NY	Banking
18	American Standard	William A Marquard (63)	671	310	115	957	2,053	30	11	Pittsburgh, Pa	Operations
337	American Stores	Lennie S Skaggs (59)	530	21	—	—	550	38	17	Yakima, Wash	Retailing
54	American Tel & Tel	Charles L Brown (61)	1,145	14	172	—	1,331	37	4	Richmond, Va	Operations
560	AmeriTrust	M Brock Weir (61)	319	33	4	—	356	10	10	Wenatchee, Wash	Banking
164	Amfac	[7]Henry A Walker Jr (61)	755	52	39	—	846	35	15	Honolulu, Haw	Operations
503	AMP	Walter F Raab (59)	335	61	—	—	396	30	1	Philadelphia, Pa	Finance
338	AMR	Albert V Casey (63)	375	3	—	173	550	9	9	Boston, Mass	Finance
642	AmSouth Bancorp	John W Woods (51)	235	56	—	—	291	13	11	Evanston, Ill	Banking
466	Amstar	Howard B Wentz Jr (53)	343	8	73	—	424	14	1	Pittsburgh, Pa	Technical
287	Anderson, Clayton	Thomas J Barlow (61)	370	4	14	218	605	37	16	Houston, Tex	Operations
136	Anheuser-Busch Cos	August A Busch III (46)	886	25	—	—	911	26	8	St Louis, Mo	Operations

[1] For FORBES definitions and methodology see page 126.
[2] Succeeded by Leo Hill, 1/1/83.
[3] Figures are for year ended 1/31/82.
[4] Succeeded by Charles W. Parry, 4/1/83.
[5] Succeeded by George J. Sella, 1/1/83.
[6] Succeeded by Paul D. Meek, 4/24/83.
[7] Succeeded by Myron Du Bain, 4/20/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
563	Apple Computer	[8]A C Markkula Jr (41)	349	5	—	—	354	6	2	Los Angeles, Cal	Marketing
311	ARA Services	[9]William S Fishman (67)	423	25	139	—	586	43	8	Clinton, Ind	Founder
241	Archer Daniels Midland	Dwayne O Andreas (65)	677	—	—	—	677	12	12	Worthington, Minn	Finance
598	Arizona Bancwest	Donald B Tostenrud (58)	311	13	—	—	324	23	5	Estherville, Iowa	Finance
638	Arizona Public Serv	Keith L Turley (60)	284	5	6	—	295	31	9	Mesa, Ariz	Administration
226	Arkla	Edward Sheffield Nelson (42)	318	6	14	357	695	19	10	Keevil, Ark	Legal
491	Armco	Harry Holiday Jr (59)	425	26	–49	—	402	34	4	Pittsburgh, Pa	Operations
628	Armstrong World Inds	Harry A Jensen (64)	300	1	—	—	301	42	5	Council Bluffs, Iowa	Marketing
539	ASARCO	Ralph L Hennebach (63)	297	—	9	65	372	42	1	Garfield, Utah	Technical
263	Ashland Oil	John R Hall (50)	610	20	—	—	630	26	1	Dallas, Tex	Technical
146	Associated Dry Goods	William P Arnold (58)	250	67	425	145	888	35	4	Omaha, Neb	Retailing
731	Atlantic Bancorp	Billy J Walker (52)	224	—	—	—	224	34	7	Baker County, Fla	Banking
85	Atlantic Richfield	William F Kieschnick (60)	647	32	432	—	1,111	36	1	Dallas, Tex	Technical
566	Auto Data Processing	[10]Frank R Lautenberg (59)	349	—	—	—	349	30	7	Paterson, NJ	Marketing
375	Avco	Robert P Bauman (52)	504	2	—	—	506	1	1	Cleveland, Ohio	Marketing
65	Avnet	Anthony R Hamilton (58)	806	43	96	303	1,248	26	3	North Bergen, NJ	Marketing
244	Avon Products	David W Mitchell (55)	656	15	—	—	671	35	7	Pasadena, Cal	Sales
112	Baker International	Earnest H Clark Jr (56)	467	28	4	510	1,010	36	18	Birmingham, Ala	Technical
317	Baldwin-United	[11]Morley P Thompson (56)	523	32	—	22	577	33	2	San Francisco, Cal	Finance
47	Bally Manufacturing	Robert E Mullane (51)	768	291	—	297	1,356	10	3	Cincinnati, Ohio	Administration
702	Baltimore Gas & Elec	Bernard C Trueschler (60)	238	7	5	—	250	35	3	Baltimore, Md	Technical
442	Banc One	John G McCoy (70)	446	—	—	—	446	46	23	Marietta, Ohio	Finance
416	BanCal Tri-State	Chauncey E Schmidt (52)	425	19	21	—	465	7	7	Oxford, Iowa	Banking
740	Banco Popular PR	Rafael Carrión Jr (68)	167	—	44	—	211	50	26	San Juan, PR	Banking
675	BancOhio	Arthur D Herrmann (56)	261	—	5	—	266	2	2	Louisville, Ohio	Banking
697	Bancorp Hawaii	Frank J Manaut (59)	218	15	19	—	252	32	2	Alhambra, Cal	Banking
328	Bank of Boston	[12]Richard D Hill (63)	407	57	93	—	557	37	11	Salem, Mass	Banking
647	Bank of New England	Roderick M MacDougall (57)	283	5	—	—	288	9	4	New York, NY	Banking
242	Bank of New York	John Carter Bacot (50)	342	213	121	—	676	23	1	Utica, NY	Finance
575	Bank of Virginia	Frederick Deane Jr (56)	200	—	17	121	338	29	9	Boston, Mass	Finance
286	BankAmerica	Samuel H Armacost (44)	560	31	16	—	606	21	2	Newport News, Va	Banking
87	Bankers Trust NY	Alfred Brittain III (60)	801	—	48	259	1,108	36	8	Evanston, Ill	Banking
540	Barnett Banks Fla	Charles E Rice (47)	371	—	—	—	371	18	3	Chattanooga, Tenn	Banking
429	Baxter Travenol Labs	Vernon R Loucks Jr (48)	579	63	57	258	957	17	3	Evanston, Ill	Marketing
461	BayBanks	William M Crozier Jr (50)	273	41	—	115	428	19	8	New York, NY	Banking
135	Beatrice Foods	James L Dutt (58)	714	44	153	—	911	36	3	Topeka, Kan	Administration
256	Becton, Dickinson	Wesley J Howe (62)	428	13	201	—	642	34	8	Jersey City, NJ	Administration
694	Belco Petroleum	Arthur B Belfer (76)	248	6	—	—	254	30	30	Poland	Founder
354	Beneficial Corp	Finn M W Caspersen (41)	477	14	39	—	531	11	6	New York, NY	Finance
807	Berkshire Hathaway	Warren E Buffett (52)	100	—	—	—	100	18	13	Omaha, Neb	Investment
637	Best Products	Sydney Lewis (63)	265	31	—	—	295	26	6	Richmond, Va	Founder
420	Bethlehem Steel	Donald H Trautlein (56)	428	8	28	—	463	6	3	Sandusky, Ohio	Finance
411	Beverly Enterprises	Robert Van Tuyle (70)	400	27	—	46	473	11	8	Manchester, Ill	Administration
542	Big Three Industries	Harry K Smith (71)	362	8	—	—	370	57	27	Pittsburgh, Pa	Administration
498	Black & Decker	[13]Francis P Lucier (55)	361	32	5	—	398	20	8	Boston, Mass	Marketing
690	Blue Bell	[14]L Kimsey Mann (66)	244	7	6	—	257	37	9	La Grange, Ga	Production
429	Boatmen's Bancshares	Donald N Brandin (61)	387	50	17	—	454	27	10	New York, NY	Banking
23	Boeing	Thornton A Wilson (62)	807	398	14	577	1,797	40	14	Sikeston, Mo	Technical
413	Boise Cascade	John B Fery (53)	393	51	24	—	468	26	10	Bellingham, Wash	Production
115	Borden	Eugene J Sullivan (62)	704	31	163	100	997	37	3	New York, NY	Sales

[1]For FORBES definitions and methodology see page 126.
[8] Succeeded by John Sculley, 5/2/83.
[9] Succeeded by Joseph Neubauer, 2/18/83.
[10] Succeeded by Josh S. Weston, 1/3/83.
[11] On leave of absence, R.S. Harrison acting CEO, 1/27/83.
[12] Succeeded by William L. Brown, 1/1/83.
[13] Succeeded by Laurence J. Farley, 1/31/83.
[14] Succeeded by Edward J. Bauman, 2/2/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
48	Borg-Warner	James F Bere (60)	534	48	382	391	1,355	22	11	Chicago, Ill	Production
657	Boston Edison	Thomas J Galligan Jr (63)	275	9	—	—	284	29	12	Watertown, Mass	Finance
11	Bristol-Myers	Richard L Gelb (59)	966	17	17	1,406	2,406	33	11	New York, NY	Administration
741	Broadview Financial	John F Rupert (55)	198	4	7	—	209	29	9	Cleveland, Ohio	Administration
743	Brooklyn Union Gas	Eugene H Luntey (62)	193	15	—	—	209	35	7	Buhl, Ida	Operations
459	Brown-Forman Dist	W L Lyons Brown Jr (46)	425	4	—	—	429	22	7	Louisville, Ky	Marketing
378	Brown Group	Bernard A Bridgewater Jr (49)	437	—	65	—	502	4	1	Tulsa, Okla	Administration
511	Browning-Ferris Inds	Harry J Phillips Sr (53)	380	9	—	—	389	13	5	Memphis, Tenn	Founder
228	Brunswick	Jack F Reichert (52)	408	114	171	—	693	26	1	West Allis, Wisc	Marketing
348	Burlington Inds	William A Klopman (61)	365	58	119	—	542	37	6	New York, NY	Marketing
78	Burlington Northern	Richard M Bressler (52)	835	93	222	—	1,149	3	3	Wayne, Neb	Finance
126	Burroughs	W Michael Blumenthal (57)	744	14	44	163	965	3	2	Germany	Administration
620	Cabot	Robert A Charpie (57)	517	—	-209	—	308	14	14	Cleveland, Ohio	Technical
737	California First Bnk	Yasushi Sumiya (55)	182	29	3	—	214	2	2	Japan	Banking
531	Cameron Iron Works	Myron A Wright (72)	362	13	—	—	375	6	6	Blair, Okla	Administration
421	Campbell Soup	R Gordon McGovern (56)	448	9	5	—	462	27	2	Norristown, Pa	Marketing
363	Capital Cities Commun	Thomas S Murphy (58)	435	16	63	—	514	28	16	Brooklyn, NY	Administration
166	Capital Holding	Thomas C Simons (54)	557	11	268	—	836	5	5	Pasadena, Cal	Insurance
246	Carnation	H Everett Olson (76)	425	114	—	123	662	51	15	Chicago, Ill	Finance
644	Carolina Pwr & Lt	Sherwood H Smith Jr (48)	245	3	41	—	289	18	3	Jacksonville, Fla	Legal
369	Carter Hawley Hale	Philip M Hawley (57)	502	8	—	—	510	25	6	Portland, Ore	Retailing
790	Castle & Cooke	[15]Henry B Clark Jr (67)	167	—	—	—	167	37	1	Chevy Chase, Md	Administration
258	Caterpillar Tractor	Lee L Morgan (63)	598	13	30	—	642	37	5	Aledo, Ill	Marketing
306	CBI Industries	William A Pogue (55)	349	95	145	—	588	29	1	Birmingham, Ala	Sales
209	CBS	Thomas H Wyman (53)	664	9	51	—	723	3	3	St Louis, Mo	Marketing
574	CBT	Walter J Connolly Jr (54)	336	2	—	—	338	22	6	Boston, Mass	Banking
524	Celanese	John D Macomber (55)	390	17	-75	48	380	10	5	Rochester, NY	Administration
581	Celeron	Gale L Galloway (53)	327	6	—	—	334	9	3	Pearsall, Tex	Operations
326	Centel	Robert P Reuss (65)	429	9	121	—	558	10	10	Aurora, Ill	Operations
493	Centerre Bancorp	Clarence C Barksdale (51)	299	10	—	91	401	24	5	St Louis, Mo	Banking
635	Central & South West	Durwood Chalker (59)	282	14	—	—	296	33	3	Breckenridge, Tex	Technical
603	Central Bancorp	Oliver W Birckhead (61)	220	100	—	—	320	32	11	Brooklyn, NY	Administration
513	Central Bancshares	Harry B Brock Jr (57)	378	10	—	—	388	12	12	Fort Payne, Ala	Founder
641	Central Fidelity Bks	Carroll L Saine (49)	250	—	8	35	293	26	2	Lincolnton, NC	Banking
796	Central Ill Pub Svc	Donald G Raymer (58)	151	8	—	—	160	35	2	Jackson, Mich	Operations
624	Central Soya	Douglas G Fleming (53)	295	9	—	—	304	29	3	Harvey, Ill	Sales
692	Centran	Wilson M Brown Jr (56)	245	12	—	—	257	4	2	Richmond, Va	Banking
350	Champion Intl	Andrew C Sigler (51)	519	18	1	—	538	26	8	Brooklyn, NY	Sales
801	Charter	Raymond K Mason (56)	71	72	6	—	149	31	20	Jacksonville, Fla	Founder
767	CharterCorp	Gordon E Wells (55)	183	6	—	—	188	31	6	Hamburg, Iowa	Banking
260	Chase Manhattan	Willard C Butcher (56)	613	23	—	—	636	36	3	Bronxville, NY	Banking
92	Chemical New York	Donald C Platten (64)	1,031	52	—	—	1,083	42	10	New York, NY	Banking
233	Chesebrough-Pond's	Ralph E Ward (62)	476	210	—	—	686	36	15	Scotch Plains, NJ	Marketing
548	Chrysler	Lee Iacocca (58)	366	—	—	—	366	4	3	Allentown, Pa	Operations
405	Chubb	Henry U Harder (58)	358	—	125	—	483	34	2	New York, NY	Insurance
179	CIGNA	Robert D Kilpatrick (59)	498	62	226	—	786	1	1	Fairbanks, La	Insurance
714	Cincinnati G & E	William H Dickhoner (61)	198	—	36	—	233	42	7	Cincinnati, Ohio	Technical
437	Cincinnati Milacron	James A D Geier (57)	297	4	3	147	450	32	13	Cincinnati, Ohio	Technical
76	Citicorp	Walter B Wriston (63)	905	19	233	—	1,157	37	13	Middletown, Conn	Banking
648	Citizens & Sthrn Ga	Bennett A Brown (54)	284	3	—	—	287	28	5	Kingstree, SC	Banking

[1]For FORBES definitions and methodology see page 126.
[15] Succeeded by Ian R. Wilson, 3/21/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	as CEO	Place of birth	Business background
634	Citizens Fidelity	J David Grissom (44)	296	—	—	—	296	10	6	Portsmouth, Ohio	Legal
208	City Federal S & L	Gilbert G Roessner (65)	387	97	241	—	724	4[illegible]	13	Irvington, NJ	Banking
17	City Investing	George T Scharffenberger (64)	1,123	18	181	766	2,089	17	17	Ridgewood, NJ	Operations
390	City National	Bram Goldsmith (60)	431	—	65	—	496	8	8	Chicago, Ill	Finance
652	Cleveland Elec Illum	Robert M Ginn (59)	257	21	8	—	286	34	4	Detroit, Mich	Technical
507	Clorox	Calvin S Hatch (62)	368	23	—	—	390	11	2	Salt Lake City, Utah	Sales
383	Coastal Corp	Oscar S Wyatt Jr (58)	500	1	—	—	501	27	27	Beaumont, Tex	Founder
73	Coca-Cola	Roberto C Goizueta (52)	1,075	27	75	—	1,178	28	2	Cuba	Technical
109	Colgate-Palmolive	Keith Crane (62)	718	34	275	—	1,027	46	4	New Zealand	Marketing
214	Colonial Penn Group	John J MacWilliams (54)	425	22	267	—	714	14	13	Syracuse, NY	Administration
757	Colorado Natl Bnkshs	Bruce M Rockwell (60)	183	14	—	3	200	30	7	Denver, Colo	Banking
319	Colt Industries	George A Strichman (66)	394	178	—	—	572	20	20	Schenectady, NY	Administration
445	Columbia Gas System	W Frederick Laird (63)	416	27	—	—	443	31	2	London, Ohio	Legal
438	Combined Internatl	Patrick G Ryan (46)	396	21	32	—	448	20	1	Milwaukee, Wisc	Insurance
22	Combustion Eng	Arthur J Santry Jr (64)	1,105	—	250	446	1,801	27	20	Brookline, Mass	Legal
517	Comerica	Donald R Mandich (57)	372	14	—	—	386	32	2	Milwaukee, Wisc	Banking
783	Commerce Bancshrs	James M Kemper Jr (61)	165	8	—	—	173	36	16	Kansas City, Mo	Banking
691	Commerce Clearing	Richard T Merrill (55)	234	22	—	—	257	30	3	Chicago, Ill	Administration
725	Commerce Union	William F Earthman (57)	216	3	10	—	228	29	11	Nashville, Tenn	Finance
667	Commonwlth Edison	James J O'Connor (46)	266	8	—	—	274	19	3	Chicago, Ill	Administration
475	Comsat	Joseph V Charyk (62)	402	12	—	—	414	20	13	Canmore, Can	Administration
366	Computervision	James R Berrett (43)	300*	150	64	—	513	1	1	Greenwood, Wisc	Technical
37	ConAgra	Charles M Harper (55)	768	325	378	—	1,470	8	7	Lansing, Mich	Administration
478	Consolidated Edison	Arthur Hauspurg (58)	373	38	—	—	411	14	1	New York, NY	Technical
167	Consolidated Foods	John H Bryan Jr (46)	727	11	94	—	832	23	8	West Point, Miss	Administration
125	Consol Freightways	Raymond F O'Brien (61)	587	37	344	—	968	25	6	Atchison, Kan	Finance
389	Consol Natural Gas	George J Tankersley (62)	441	18	39	—	498	16	4	Ruston, La	Operations
567	Consumers Power	John D Selby (61)	332	—	16	—	348	8	5	Odebolt, Iowa	Technical
547	Continental Bancorp	Roy T Peraino (55)	366	—	—	—	366	25	13	Philadelphia, Pa	Finance
512	Continental Corp	John P Mascotte (44)	364	9	16	—	388	2	1	Fort Wayne, Ind	Insurance
293	Continental Group	S Bruce Smart Jr (60)	500	1	22	79	603	30	2	New York, NY	Marketing
239	Continental Illinois	Roger E Anderson (61)	499	143	38	—	680	36	10	Chicago, Ill	Banking
261	Continental Telecom	[16]Charles Wohlstetter (73)	489	60	85	—	634	22	11	New York, NY	Finance
331	Control Data	William C Norris (71)	553	1	—	—	554	25	25	Red Cloud, Neb	Founder
763	Convergent Technolgs	Allen H Michels (42)	191	1	—	—	192	3	2	Chicago, Ill	Founder
21	Cooper Industries	Robert Cizik (52)	576	22	-293	1,509	1,814	21	8	Scranton, Pa	Finance
449	Corning Glass Works	[17]Amory Houghton Jr (56)	407	15	18	—	440	31	19	Corning, NY	Operations
577	Cox Communications	[18]Clifford M Kirtland Jr (59)	338	—	—	—	338	19	9	Buffalo, NY	Finance
327	CPC International	James W McKee Jr (60)	560	12	-101	87	558	36	10	Pittsburgh, Pa	Finance
696	Crane	Thomas M Evans (72)	252	—	—	—	252	24	24	Pittsburgh, Pa	Finance
710	Cray Research	John A Rollwagen (42)	224	—	12	—	237	7	2	Minneapolis, Minn	Marketing
538	Crocker National	John B M Place (57)	354	19	—	—	373	5	1	New York, NY	Banking
625	Crown Central Petrol	Henry A Rosenberg Jr (53)	290	14	—	—	304	30	12	Pittsburgh, Pa	Administration
772	Crown Cork & Seal	John F Connelly (78)	180	2	—	—	182	26	26	Philadelphia, Pa	Sales
600	Crown Zellerbach	William T Creson (53)	300	12	11	—	323	6	1	Lafayette, Ind	Technical
365	CSX	Hays T Watkins (57)	440	17	—	57	514	34	1	Fern Creek, Ky	Finance
569	Cullen/Frost Bankers	Thomas C Frost (55)	331	15	—	—	346	33	12	San Antonio, Tex	Banking
224	Cummins Engine	Henry B Schacht (48)	589	62	27	21	698	18	13	Erie, Pa	Administration
185	Dana	Gerald B Mitchell (55)	612	18	—	145	775	39	3	Goderich, Can	Operations
50	Dart & Kraft	John M Richman (55)	784	42	525	—	1,352	28	4	New York, NY	Legal

*Salary annualized.

[1]For FORBES definitions and methodology see page 126.
[16] Succeeded by James V. Napier, 5/5/83.
[17] Succeeded by James R. Houghton, 4/12/83.
[18] Succeeded by William A. Schwartz, 3/31/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
101	Dayton-Hudson	William A Andres (56)	738	20	—	279	1,036	24	6	Fayette, Iowa	Retailing
610	Dayton Power & Light	Robert E Frazer (54)	291	26	—	—	318	8	5	Detroit, Mich	Finance
672	Deere	Robert A Hanson (58)	269	2	—	—	270	33	1	Moline, Ill	Marketing
797	Delmarva Power & Lt	Nevius M Curtis (53)	151	3	—	—	154	4	1	Holyoke, Mass	Administration
431	Delta Air Lines	David C Garrett Jr (60)	386	3	64	—	453	36	5	Norris, SC	Operations
655	Deluxe Check Printers	Eugene R Olson (57)	238	47	—	—	285	39	5	St Paul, Minn	Marketing
749	Deposit Guaranty	John P Maloney (65)	171	13	20	—	205	14	1	San Antonio, Tex	Banking
601	Detroit Edison	Walter J McCarthy Jr (58)	322	—	—	—	322	19	1	New York, NY	Operations
169	Diamond Shamrock	William H Bricker (51)	775	36	14	—	826	14	6	Detroit, Mich	Marketing
127	Diebold	Earl F Wearstler (59)	202	—	—	761	963	36	1	North Canton, Ohio	Marketing
372	Digital Equipment	Kenneth H Olsen (57)	509	—	—	—	509	25	25	Bridgeport, Conn	Founder
432	Walt Disney	[19]E Cardon Walker (67)	338	93	22	—	452	45	6	Rexburg, Ida	Marketing
768	Dominion Bankshares	Warner N Dalhouse (49)	183	5	—	—	188	27	1	Roanoke, Va	Marketing
593	[20]Dominion Resources	[21]T Justin Moore, Jr (58)	318	—	8	—	326	27	5	Richmond, Va	Legal
102	Donaldson, Lufkin	Richard H Jenrette (54)	806	48	182	—	1,036	23	9	Raleigh, NC	Founder
46	R R Donnelley & Sons	Charles W Lake Jr (65)	541	15	630	170	1,356	37	19	La Porte, Ind	Production
645	Dorchester Gas	George S Rooker (64)	248	41	—	—	289	27	23	Memphis, Tenn	Investment
417	Dover	Gary L Roubos (46)	385	3	76	—	465	12	2	Denver, Colo	Operations
235	Dow Chemical	Paul F Oreffice (55)	525	78	82	—	684	30	5	Italy	Finance
120	Dow Jones	Warren H Phillips (57)	482	185	317	—	984	36	8	New York, NY	Journalism
584	Dravo	[22]Robert Dickey III (65)	315	7	10	—	332	35	18	Pittsburgh, Pa	Sales
57	Dresser Industries	John V James (64)	403	10	864	—	1,277	25	13	Plains Township, Pa	Finance
147	E I du Pont	Edward G Jefferson (61)	763	119	—	—	882	32	2	England	Technical
633	Duke Power	William S Lee (54)	260	30	8	—	298	28	1	Charlotte, NC	Technical
10	Dun & Bradstreet	Harrington Drake (63)	750	75	20	1,701	2,546	35	8	Kansas City, Mo	Marketing
733	Duquesne Light	John M Arthur (60)	218	4	—	—	222	38	14	Pittsburgh, Pa	Operations
13	E-Systems	John W Dixon (63)	1,049	23	1,105	110	2,288	21	14	Lexington, Ky	Administration
476	Eastern Air Lines	Frank Borman (55)	332	10	71	—	413	13	7	Gary, Ind	Technical
361	Eastern Gas & Fuel	William J Pruyn (60)	359	11	113	33	516	31	5	Boston, Mass	Finance
93	Eastman Kodak	Walter A Fallon (65)	986	15	31	44	1,076	41	11	Schenectady, NY	Production
381	Eaton	E Mandell de Windt (62)	456	25	9	12	502	41	13	Grt Barrington, Mass	Operations
607	Jack Eckerd	Stewart Turley (48)	307	11	—	—	318	16	8	Mt Sterling, Ky	Administration
52	EG&G	Bernard J O'Keefe (63)	550	3	17	778	1,348	35	18	Providence, RI	Technical
283	El Paso	Travis H Petty (54)	578	31	—	—	609	36	4	Clarksville, Tex	Administration
732	El Paso Electric	Evern R Wall (50)	176	33	14	—	223	26	7	Borger, Tex	Technical
83	Electronic Data Systems	Morton H Meyerson (45)	463	—	657	—	1,120	17	4	Ft Worth, Tex	Administration
61	Emerson Electric	Charles F Knight (47)	1,050	35	—	176	1,261	10	9	Lake Forest, Ill	Administration
247	Emhart	T Mitchell Ford (62)	650	9	—	—	659	24	13	Albany, NY	Legal
41	Engelhard	Irving D Isko (55)	935	20	476	—	1,431	26	2	New York, NY	Legal
172	ENSERCH	William C McCord (55)	615	28	77	89	809	34	12	San Antonio, Tex	Technical
329	Entex	Jackson C Hinds (61)	273	29	9	244	555	14	11	Brownsville, Tex	Legal
717	Equimark	William E Bierer (53)	228	4	—	—	232	14	8	Uniontown, Pa	Banking
744	Equitable Bancorp	H Grant Hathaway (55)	191	17	—	—	209	28	1	New York, NY	Banking
28	Esmark	Donald P Kelly (61)	839	120	485	269	1,713	29	5	Chicago, Ill	Finance
388	Ethyl	Floyd D Gottwald Jr (60)	474	25	—	—	499	40	13	Richmond, Va	Administration
300	Evans Products	Monford A Orloff (69)	596	—	—	—	596	25	20	Omaha, Neb	Legal
249	Ex-Cell-O	E Paul Casey (53)	453	180	23	—	656	33	1	Boston, Mass	Administration
42	Exxon	Clifton C Garvin Jr (61)	1,030	96	299	—	1,425	36	7	Portsmouth, Va	Technical
414	Farm House Foods	Richard Y Fisher (50)	371	14	81	—	466	14	14	Milwaukee, Wisc	Founder
489	Farmers Group	Richard G Lindsley (61)	405	—	—	—	405	32	4	Minneapolis, Minn	Insurance

[1]For FORBES definitions and methodology see page 126.
[19]Succeeded by Ronald W. Miller, 2/24/83.
[20]Formerly Virginia Electric & Power.
[21]Succeeded by William W. Berry, 1/1/83.
[22]Succeeded by Thomas F. Faught, Jr., 1/1/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	as CEO	Place of birth	Business background
794	Federal Co	R Lee Taylor II (41)	160	—	—	—	160	17	1	Memphis, Tenn	Administration
1	Federal Express	Frederick W Smith (38)	414	1	—	51,130	51,544	12	12	Marks, Miss	Founder
463	Fedl Natl Mortgage	David O Maxwell (53)	225	23	180	—	428	2	2	Philadelphia, Pa	Legal
113	Federated Dept Stores	Howard Goldfeder (57)	608	144	73	184	1,009	36	2	New York, NY	Retailing
343	Fidelcor	Raymond J Dempsey (48)	364	25	90	68	547	4	4	Yonkers, NY	Banking
711	Fidelity Union Bncp	Peter Cartmell (62)	235	1	—	—	236	37	3	Scotland	Banking
495	Fin Corp of America	Charles W Knapp (48)	376	—	22	—	399	10	8	Honolulu, Haw	Finance
747	Fin Cp Santa Barbara	David L Tilton (56)	202	5	—	—	207	31	17	Santa Barbara, Cal	Finance
701	Financial Federation	William J Popejoy (45)	250	—	—	—	250	1	1	Vallejo, Cal	Banking
234	Firestone	John J Nevin (56)	460	1	223	—	685	3	2	Jersey City, NJ	Marketing
530	First Alabama Bshs	Frank A Plummer (71)	376	—	—	—	376	18	12	Richland, NY	Banking
572	First American	Kenneth L Roberts (50)	289	2	49	1	341	7	6	Dungannon, Va	Banking
521	First & Merchants	C Coleman McGehee (58)	284	29	—	68	381	34	9	Franklin, Va	Banking
439	First Atlanta	Thomas R Williams (54)	386	44	17	—	447	10	7	Atlanta, Ga	Banking
571	First Bank System	George H Dixon (62)	344	—	—	—	344	6	1	Rochester, NY	Finance
5	First Boston	[23]George L Shinn (60)	2,000	74	369	1,090	3,533	8	8	Newark, Ohio	Investment
729	First Charter Finl	S Mark Taper (81)	225	—	—	—	225[24]	28	28	Poland	Founder
217	First Chicago	Barry F Sullivan (52)	640	69	—	—	710	2	2	Bronx, NY	Banking
303	First City Bancorp	James A Elkins Jr (64)	399	20	175	—	594	41	20	Galveston, Tex	Banking
780	First Empire State	[25]Claude F Shuchter (60)	176	—	—	—	176	24	6	Chicago, Ill	Banking
75	First Executive	Fred Carr (52)	696	1	—	461	1,158	8	8	Los Angeles, Cal	Finance
808	First Florida Banks	[26]Chester H Ferguson (74)	8	—	—	—	8[27]	11	11	Americus, Ga	Legal
347	First Hawaiian	John D Bellinger (60)	277	152	113	—	542	41	13	Honolulu, Haw	Banking
202	First Interstate Bancp	Joseph J Pinola (58)	568	18	83	76	745	7	5	Pittston, Pa	Banking
658	First Kentucky Natl	A Stevens Miles (53)	262	13	8	—	284	29	8	Louisville, Ky	Banking
654	First Maryland Bncp	J Owen Cole (54)	275	11	—	—	285	26	9	Rutherfordton, NC	Administration
724	First Natl Cinc	William N Liggett (66)	230	—	—	—	230	35	12	Ripley, Ohio	Banking
616	First Natl State Bcp	Robert R Ferguson Jr (59)	314	—	—	—	314	33	10	Savannah, Ga	Banking
664	First Natl Supermkts	Richard J Bogomolny (48)	275	2	—	—	277	10	8	Cleveland, Ohio	Administration
791	First New Mexico Bksh	George S Jenks (56)	159	1	4	—	165	33	1	Australia	Banking
668	First of America Bnk	James H Duncan (58)	273	—	—	—	274	33	13	Madison, Wisc	Banking
798	First Oklahoma Bncp	Charles A Vose Jr (39)	144	—	10	—	154	18	2	Clinton, Iowa	Banking
704	First Pennsylvania	George A Butler (55)	240	6	—	—	246	33	3	Westmont, NJ	Banking
722	First Security	Spencer F Eccles (48)	216	15	—	—	230	24	2	Ogden, Utah	Banking
594	First Tennessee Natl	Ronald A Terry (52)	299	27	—	—	326	26	9	Memphis, Tenn	Banking
318	First Union	C Clifford Cameron (63)	347	110	118	3	577	19	16	Meridian, Miss	Banking
685	First United Bancorp	Paul W Mason (62)	246	—	14	—	261	21	13	Wichita, Kan	Banking
676	First Virginia Banks	Thomas K Malone Jr (63)	260	5	—	—	265	32	4	Burlington, Vt	Banking
640	First Wisconsin	Hal C Kuehl (60)	270	23	–	—	293	35	5	Davenport, Iowa	Banking
324	Fischbach	Alfred R Manville (66)	562	—	—	—	562	11	3	Carbondale, Pa	Technical
656	Flagship Banks	Philip F Searle (58)	247	—	38	—	285	8	8	Kansas City, Mo	Banking
397	Fleet Financial	J Terrence Murray (43)	336	5	47	99	487	20	1	Woonsocket, RI	Finance
402	Fleming Cos	Richard D Harrison (60)	448	22	14	—	485	29	17	Salt Lake City, Utah	Legal
488	Flickinger	Jerry D Metcalf (45)	359	—	47	—	406	6	2	Hutchinson, Kan	Operations
786	Florida Natl Banks	George C Whitner (60)	169	2	—	—	171	25	2	Jacksonville, Fla	Banking
349	Florida Power & Lt	[28]Marshall McDonald (65)	330	15	194	—	539	11	11	Memphis, Tenn	Finance
739	Florida Progress	Andrew H Hines Jr (60)	205	—	9	—	213	31	10	Lake City, Fla	Technical
15	Fluor	J Robert Fluor (61)	1,073	22	418	733	2,246	37	15	Santa Ana, Cal	Technical
276	FMC	Robert H Malott (56)	605	—	15	—	619	30	11	Boston, Mass	Operations
446	Food Town Stores	Ralph W Ketner (62)	382	59	—	—	442	25	25	Rowan County, NC	Founder

[1]For FORBES definitions and methodology see page 126.
[23]Succeeded by Peter T. Buchanan, 2/15/83.
[24]Figures are for year ended 12/31/81.
[25]Succeeded by Robert G. Wilmers, 4/20/83.
[26]Deceased. Succeeded by A. Bronson Thayer, 3/5/83.
[27]Director's fees only; excludes fees paid to law firm of which Mr. Ferguson was a partner.
[28]Succeeded by John J. Hudiburg, 4/1/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	as CEO	Place of birth	Business background
440	Ford Motor	Philip Caldwell (63)	446	—	—	—	446	30	3	Bourneville, Ohio	Administration
165	Foremost-McKesson	Thomas E Drohan (55)	558	16	24	239	837	21	5	Newton, Mass	Operations
394	Fort Howard Paper	Paul J Schierl (48)	370	99	21	—	490	19	8	Neenah, Wisc	Legal
735	Foster Wheeler	Louis E Azzato (52)	184	4	33	—	221	31	2	New York, NY	Technical
44	Freeport-McMoran	Paul W Douglas (56)	577	255	—	542	1,374	30	7	Springfield, Mass	Marketing
504	Fruehauf	Robert D Rowan (61)	375	18	—	—	393	27	9	Holland, Mich	Finance
162	Gannett	Allen H Neuharth (59)	720	45	83	—	849	20	10	Eureka, SD	Journalism
490	GATX	James J Glasser (49)	350	4	50	—	404	21	4	Chicago, Ill	Legal
62	GEICO	John J Byrne (50)	414	118	728	—	1,260	7	7	Passaic, NJ	Insurance
418	Gelco	N Bud Grossman (62)	375	34	37	18	464	26	26	Minneapolis, Minn	Founder
396	General Cinema	Richard A Smith (58)	403	22	62	—	487	36	36	Brookline, Mass	Administration
19	General Dynamics	David S Lewis (65)	453	73	—	1,422	1,947	12	12	N Augusta, SC	Administration
29	General Electric	John F Welch Jr (47)	975	43	—	683	1,701	22	2	Peabody, Mass	Technical
299	General Foods	James L Ferguson (57)	557	41	—	—	598	20	9	Evanston, Ill	Marketing
186	General Instrument	Frank G Hickey (55)	756	16	—	—	772	18	8	Stevens Pt, Wisc	Marketing
100	General Mills	H Brewster Atwater Jr (52)	641	43	71	293	1,048	25	2	Minneapolis, Minn	Marketing
321	General Motors	Roger B Smith (57)	549	—	17	—	565	33	2	Columbus, Ohio	Finance
670	General Public Utils	William G Kuhns (61)	265	7	—	—	272	27	16	Milwaukee, Wisc	Finance
131	General Re	Harold J Hudson Jr (59)	484	1	461	—	946	27	12	Kansas City, Mo	Legal
196	General Signal	Nathan R Owen (64)	635	20	—	103	758	22	21	Burnt Hills, NY	Technical
406	Genl Tire & Rubber	Michael G O'Neil (61)	462	11	5	—	478	37	23	Akron, Ohio	Administration
554	Genuine Parts	Wilton Looney (64)	351	12	—	—	363	44	21	Vanna, Ga	Operations
485	Georgia-Pacific	[29]Robert E Flowerree (62)	350	70	–13	—	407	31	6	New Orleans, La	Operations
231	Getty Oil	Sidney R Petersen (52)	633	56	—	—	689	28	3	Oakland, Cal	Finance
245	Giant Food	Israel Cohen (70)	619	7	39	—	665	47	5	Israel	Founder
728	Gibraltar Financial	Herbert J Young (51)	226	—	—	—	226	30	14	Los Angeles, Cal	Administration
629	Gibraltar Savings	E Michael Lallinger (67)	300	—	—	—	300	27	19	St Louis, Mo	Finance
183	Gillette	Colman M Mockler Jr (53)	463	7	28	281	779	25	8	St Louis, Mo	Finance
358	Global Marine	C Russell Luigs (50)	503	19	—	—	523	6	6	Evansville, Ind	Technical
669	Golden West Finl	[30]Herbert M Sandler (51)	273	—	—	—	273	19	19	New York, NY	Founder
275	B F Goodrich	John D Ong (49)	310	5	—	304	619	22	3	Ulrichsville, Ohio	Legal
64	Goodyear	[31]Charles J Pilliod Jr (64)	496	387	107	261	1,252	42	9	Cuyahoga Falls, Ohio	Sales
175	Gould	William T Ylvisaker (59)	732	55	6	—	794	15	15	St Paul, Minn	Administration
134	W R Grace	J Peter Grace (70)	782	63	–261	333	917	46	37	Manhasset, NY	Finance
477	W W Grainger	David W Grainger (55)	366	47	—	—	413	33	9	Chicago, Ill	Administration
469	Great Atl & Pac Tea	James Wood (53)	400	20	—	—	420	3	3	England	Retailing
632	Gt Northern Nekoosa	Robert Hellendale (65)	290	—	9	—	299	29	4	New York, NY	Legal
452	Gt Western Financial	James F Montgomery (48)	350	11	11	64	436	7	4	Topeka, Kan	Finance
281	Greyhound	John W Teets (49)	457	19	138	—	614	19	1	Elgin, Ill	Administration
419	Grumman	John C Bierwirth (59)	424	14	25	—	463	10	8	Lawrence, NY	Finance
132	GTE	Theodore F Brophy (60)	919	24	—	—	943	25	7	New York, NY	Legal
140	Gulf & Western Inds	[32]Charles G Bluhdorn (56)	895	9	—	—	904	27	25	Austria	Founder
225	Gulf Oil	James E Lee (61)	664	31	—	—	696	41	1	Kiln, Miss	Operations
683	Gulf States Utils	Paul W Murrill (48)	192	70	—	—	262	5	1	St Louis, Mo	Administration
33	Gulf United	E Grant Fitts (67)	1,250	51	260	—	1,562	15	15	Montevallo, Ala	Legal
89	Halliburton	John P Harbin (65)	742	106	240	—	1,087	34	11	Waxahachie, Tex	Finance
602	Hammermill Paper	Albert F Duval (62)	298	7	15	—	320	23	12	Holyoke, Mass	Marketing
474	Harris Bankcorp	Charles M Bliss (61)	375	40	—	—	415	39	5	Evanston, Ill	Banking
212	Harris Corp	Joseph A Boyd (62)	555	—	162	—	717	21	5	Oscar, Ky	Technical
615	Hartford National	Robert L Newell (60)	298	8	8	—	314	37	7	Hartford, Conn	Banking

[1]For FORBES definitions and methodology see page 126.
[29]Succeeded by T. Marshall Hahn, Jr., 5/3/83.
[30]Office jointly held with Marion O. Sandler.
[31]Succeeded by Robert E. Mercer, 1/1/83.
[32]Deceased. Succeeded by Martin S. Davis, 2/24/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contingent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
304	G Heileman Brewing	Russell G Cleary (50)	537	57	—	—	594	23	12	Chippewa Falls, Wisc	Legal
91	H J Heinz	Anthony J F O'Reilly (47)	740	92	251	—	1,084	14	3	Ireland	Legal
557	Walter E Heller Intl	Franklin A Cole (57)	330	30	—	—	360	20	12	Park Falls, Wisc	Legal
681	Helmerich & Payne	Walter H Helmerich III (60)	247	5	11	—	263	34	22	Tulsa, Okla	Administration
137	Hercules	Alexander F Giacco (63)	621	60	194	35	911	41	5	Italy	Technical
187	Hershey Foods	William E C Dearden (60)	437	122	212	—	772	25	7	Philadelphia, Pa	Sales
243	Hewlett-Packard	John A Young (51)	596	2	74	—	672	24	5	Nampa, Ida	Technical
433	Hilton Hotels	Barron Hilton (55)	441	11	—	—	452	28	17	Dallas, Tex	Administration
173	Holiday Inns	Michael D Rose (41)	362	404	—	40	807	9	2	Akron, Ohio	Operations
695	Homestake Mining	Harry M Conger (52)	237	17	—	—	254	7	4	Seattle, Wash	Technical
80	Honeywell	Edson W Spencer (57)	1,071	—	68	—	1,139	28	8	Chicago, Ill	Sales
561	George A Hormel	Richard L Knowlton (51)	350	6	—	—	356	34	1	Austin, Minn	Marketing
150	Hospital Corp of Am	Thomas F Frist Jr (45)	393	24	1	458	876	14	1	Nashville, Tenn	Founder
222	Household Intl	Donald C Clark (51)	617	83	—	—	700	28	1	Brooklyn, NY	Finance
551	Houston Industries	Don D Jordan (51)	337	28	—	—	364	26	6	Corpus Christi, Tex	Legal
550	Houston Natural Gas	M D Matthews (59)	354	—	11	—	365	19	1	Mt Vernon, Ark	Finance
270	Hughes Tool	James R Lesch (61)	438	48	140	—	626	36	3	Apache, Okla	Administration
32	Humana	David A Jones (51)	672	67	19	855	1,612	21	21	Louisville, Ky	Founder
460	Huntington Bancshs	Frank Wobst (49)	363	30	8	28	428	8	2	Germany	Banking
124	E F Hutton Group	Robert Fomon (58)	925	8	36	—	969	32	12	Chicago, Ill	Investment
144	IC Industries	William B Johnson (64)	647	75	169	—	891	17	17	Salisbury, Md	Legal
785	Idaho Power	James E Bruce (63)	147	9	16	—	172	31	6	Boise, Ida	Legal
715	Illinois Power	Wendell J Kelley (57)	218	9	6	—	233	33	16	Champaign, Ill	Technical
556	Imperial Corp of Am	Matthew J Shevlin (57)	225*	136	—	—	361	1	1	San Francisco, Cal	Finance
636	Indiana National	Thomas M Miller (53)	216	80	—	—	296	28	2	Corydon, Ind	Banking
779	Indianapolis Pwr & Lt	Zane G Todd (59)	173	1	3	—	177	32	7	Hanson, Ky	Operations
713	Indust Valley Bank	Joseph A Gallagher (55)	227	3	3	—	233	24	3	Philadelphia, Pa	Banking
360	Ingersoll-Rand	Thomas A Holmes (59)	367	99	21	31	518	33	2	Wilmington, Mass	Operations
712	Inland Steel	Frank W Luerssen (55)	225	—	9	—	234	31	1	Reading, Pa	Technical
653	Intel	Gordon E Moore (54)	285	—	—	—	285	14	8	San Francisco, Cal	Founder
534	Interco	John K Riedy (67)	365	8	—	—	373	49	2	Chicago, Ill	Operations
210	InterFirst	Elvis L Mason (49)	627	92	—	—	719	9	2	Vivian, La	Banking
59	IBM	John R Opel (58)	901	367	—	—	1,267	33	2	Kansas City, Mo	Sales
505	Intl Flavors & Frag	Henry G Walter Jr (72)	381	11	—	—	393	20	20	New York, NY	Legal
595	Intl Harvester	Donald D Lennox (64)	297	29	—	—	325	3	1	Pittsburgh, Pa	Operations
180	Intl Minerals & Chem	Richard A Lenon (62)	797	58	-71	—	785	15	12	Lansing, Mich	Finance
280	Intl Multifoods	William G Phillips (63)	582	33	—	—	615	14	14	Cleveland, Ohio	Finance
302	International Paper	Edwin A Gee (63)	570	25	—	—	595	5	3	Washington, DC	Technical
79	Intl Tel & Tel	Rand V Araskog (51)	994	146	-15	14	1,139	16	3	Fergus Falls, Minn	Administration
352	InterNorth	Sam F Segnar (55)	330	28	173	—	531	22	3	Hope, Ark	Technical
646	IntraWest Financial	[33]Theodore D Brown (61)	240	48	—	—	288	13	6	Denver, Colo	Banking
764	Iowa-Illinois G & E	Dean R Stichnoth (57)	180	11	—	—	191	32	6	Benton County, Ind	Legal
188	Irving Bank	Gordon T Wallis (63)	768	—	—	—	768	42	12	Salt Lake City, Utah	Finance
323	IU International	John Gilray Christy (50)	521	41	—	—	562	11	2	Silver Creek, NY	Operations
520	Jefferson-Pilot	W Roger Soles (62)	373	9	—	—	381	36	15	Whiteville, NC	Investment
142	Jewel Cos	Weston R Christopherson (58)	525	246	129	—	900	32	3	Walum, ND	Retailing
651	Jim Walter	James W Walter (60)	286	—	—	—	286	37	37	Lewes, Del	Founder
86	Johnson & Johnson	James E Burke (58)	759	162	189	—	1,110	30	6	Rutland, Vt	Marketing
203	Johnson Controls	Fred L Brengel (60)	572	89	82	—	743	35	16	Hicksville, NY	Sales
535	Joy Manufacturing	Alexander W Calder (59)	345	4	24	—	373	34	1	Cleveland, Ohio	Technical

*Salary portion annualized.

[1]For FORBES definitions and methodology see page 126.
[33]Succeeded by Robert G. Boucher, 4/28/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
313	K mart	Bernard M Fauber (60)	560	22	—	—	582	41	3	Botetourt Cnty, Va	Retailing
380	Kaiser Alum & Chem	Cornell C Maier (58)	495	7	—	—	502	33	10	Herreid, SD	Operations
267	Kaneb Services	Michael G Shoup (51)	525	29	73	—	627	27	1	Chicago, Ill	Finance
781	Kansas City Pwr & Lt	Arthur J Doyle (60)	173	1	—	—	175	10	3	Boston, Mass	Legal
805	Kansas Gas & Elec	Wilson K Cadman (56)	126	2	—	—	128	32	2	Wichita, Kan	Administration
803	Kansas Power & Light	William E Wall (55)	140	—	—	—	140	8	7	Seattle, Wash	Legal
250	Kellogg	William E Lamothe (56)	625	8	21	—	655	32	4	Brooklyn, NY	Marketing
776	Kemper	Joseph E Luecke (56)	174	6	—	—	180	31	4	Philadelphia, Pa	Insurance
789	Kentucky Utilities	William B Bechanan (57)	160	8	—	—	168	34	4	Hodgenville KY	Technical
404	Kerr-McGee	Dean A McGee (79)	475	9	—	—	484	46	29	Humboldt, Kan	Production
528	Key Banks	Victor J Riley Jr (51)	353	24	—	—	377	19	9	Buffalo, NY	Finance
479	Key Pharmaceuticals	Michael Jaharis Jr (54)	380	31	—	—	411	11	11	Chicago, Ill	Legal
67	Kidde	Fred R Sullivan (68)	1,105	140	—	—	1,245	19	19	Fort Wayne, Ind	Finance
240	Kimberly-Clark	Darwin E Smith (57)	550	—	129	—	680	25	11	Garrett, Ind	Legal
356	Knight-Ridder News	Alvah H Chapman Jr (62)	499	5	—	24	527	22	7	Columbus, Ga	Administration
684	Koppers	Charles R Pullin (59)	252	5	4	—	261	37	1	Point Pleasant, W Va	Administration
99	Kroger	Lyle Everingham (57)	596	57	—	399	1,052	36	5	Flint, Mich	Retailing
291	Lear Siegler	Robert T Campion (62)	557	47	—	—	604	25	12	Minneapolis, Minn	Finance
58	Levi Strauss	Robert T Grohman (58)	500	184	435	156	1,276	9	1	Hazelton, Pa	Administration
486	Liberty National	John W McLean (61)	232	30	144	—	406	15	15	Okmulgee, Okla	Banking
122	Eli Lilly	Richard D Wood (56)	776	20	—	181	977	33	10	Brazil, Ind	Marketing
580	Limited	Leslie H Wexner (45)	318	19	—	—	336	19	19	Dayton, Ohio	Founder
510	Lincoln First Banks	Alexander D Hargrave (63)	388	1	—	—	389	20	9	Canandaigua, NY	Legal
526	Lincoln National	Ian M Rolland (50)	349	1	29	—	379	27	6	Ft Wayne, Ind	Insurance
154	Litton Industries	Fred W O'Green (62)	824	45	—	—	869	20	1	Mason City, Iowa	Technical
155	Lockheed	Roy A Anderson (62)	617	10	23	219	868	26	5	Ripon, Cal	Finance
309	Loews	Laurence A Tisch (60)	535	52	—	—	587	23	22	Brooklyn, NY	Finance
736	Long Island Lighting	Charles R Pierce (61)	215	4	—	—	219	33	5	Bar Harbor, Me	Legal
742	Longs Drug Stores	Robert M Long (45)	202	7	—	—	209	22	6	Oakland, Cal	Retailing
376	Louisiana Land	John G Phillips (60)	360	75	70	—	506	31	11	Camden, Ark	Finance
444	Louisiana-Pacific	Harry A Merlo (58)	353	83	7	—	443	33	9	Stirling City, Cal	Marketing
514	Lowe's Companies	Leonard G Herring (56)	339	6	42	—	387	27	4	Snow Hill, NC	Finance
16	LTV	[34]W Paul Thayer (63)	1,066	88	—	944	2,098	34	12	Henryetta, Okla	Sales
430	Lubrizol	Lester E Coleman (52)	444	—	9	—	454	28	5	Akron, Ohio	Technical
391	Lucky Stores	S Donley Ritchey (49)	496	—	—	—	496	31	3	Derry Township, Pa	Operations
193	M/A-Com	Richard T DiBona (50)	173	317	272	—	761	25	1	Quincy, Mass	Technical
139	R H Macy	Edward S Finkelstein (58)	580	52	111	182	905	34	2	New Rochelle, NY	Retailing
464	Malone & Hyde	Joseph R Hyde III (40)	395	—	33	—	428	18	14	Memphis, Tenn	Administration
148	Mfrs Hanover	John F McGillicuddy (52)	752	20	105	—	877	24	4	Harrison, NY	Legal
707	Manufacturers Natl	Dean E Richardson (55)	238	3	—	—	241	29	10	West Branch, Mich	Banking
424	Manville	John A McKinney (59)	444	10	8	—	461	31	6	Huntsville, Tex	Legal
536	MAPCO	Willis H Thompson Jr (49)	350	5	18	—	373	6	3	Minneapolis, Minn	Operations
721	Marine	George R Slater (59)	224	7	—	—	230	7	5	Indianapolis, Ind	Banking
407	Marine Midland Bks	[35]Edward W Duffy (57)	425	53	—	—	478	30	9	Utica, NY	Banking
268	Marriott	J Willard Marriott Jr (51)	519	19	89	—	627	27	10	Washington, DC	Administration
178	Marsh & McLennan	John M Regan Jr (62)	599	40	147	—	786	37	10	Minneapolis, Minn	Insurance
501	Marshall & Ilsley	John A Puelicher (62)	210	5	181	—	397	37	25	Milwaukee, Wisc	Banking
97	Martin Marietta	Thomas G Pownall (61)	583	6	76	387	1,053	20	1	Cumberland, MD	Marketing
586	Mary Kay Cosmetics	Richard R Rogers (40)	300	30	—	—	330	19	15	Houston, Tex	Founder
687	Maryland National	Robert D H Harvey (62)	255	—	1	4	260	36	17	Baltimore, Md	Finance

[1]For FORBES definitions and methodology see page 126.
[34]Succeeded by Raymond A. Hay, 1/11/83.
[35]Succeeded by John R. Petty, 4/20/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
253	Masco	Richard A Manoogian (46)	625	15	11	—	651	25	15	Long Branch, NJ	Administration
545	Mattel	Arthur S Spear (62)	334	34	—	—	368	18	8	Providence, RI	Operations
133	May Dept Stores	David C Farrell (50)	650	141	151	—	942	27	4	Chicago, Ill	Retailing
434	MCA	Lew R Wasserman (70)	400	52	—	—	452	46	36	Cleveland, Ohio	Sales
344	McDonald's	Fred L Turner (50)	495	2	45	—	543	27	9	Des Moines, Iowa	Retailing
362	McDonnell Douglas	Sanford N McDonnell (60)	458	37	21	—	515	34	11	Little Rock, Ark	Technical
174	McGraw-Edison	Edward J Williams (60)	484	136	182	—	803	11	10	St Louis, Mo	Finance
229	McGraw-Hill	[16]Harold W McGraw Jr (65)	468	49	175	—	692	36	8	New York, NY	Operations
425	MCI Communications	William G McGowan (55)	416	40	5	—	461	14	14	Ashley, Pa	Founder
588	Mead	Burnell R Roberts (56)	325	4	—	—	329	17	1	Lafayette Cnty, Wisc	Finance
562	Medtronic	Dale R Olseth (52)	293	36	26	—	354	7	7	St James, Minn	Administration
298	Mellon National	J David Barnes (54)	363	68	167	—	598	27	2	Oil City, Pa	Banking
206	Melville	Francis C Rooney Jr (61)	542	18	168	—	728	30	19	N Brookfield, Mass	Retailing
500	Mercantile Bancorp	Donald E Lasater (57)	378	4	16	—	397	24	12	St Louis, Mo	Legal
288	Mercantile Stores	Leon F Winbigler (57)	568	—	37	—	605	34	8	Brookfield, Mo	Retailing
220	Mercantile Texas	Gene H Bishop (53)	672	—	30	—	701	8	8	Forest, Miss	Banking
771	Merchants National	Otto N Frenzel III (52)	180	2	—	—	182	28	10	Indianapolis, Ind	Banking
285	Merck	John J Horan (62)	515	1	91	—	607	31	7	New York, NY	Legal
39	Merrill Lynch	Roger E Birk (52)	1,194	28	238	—	1,461	28	2	St Cloud, Minn	Finance
153	Mesa Petroleum	T Boone Pickens Jr (55)	475	394	—	—	869	26	26	Holdenville, Okla	Founder
123	Metromedia	John W Kluge (68)	962	12	—	—	974	24	24	Germany	Marketing
599	Michigan National	Stanford C Stoddard (52)	301	20	3	—	324	28	11	Salt Lake City, Utah	Banking
428	MidCon	Orval C Davis (63)	417	—	40	—	457	36	5	Roseclare, Ill	Technical
541	Middle South Utils	Floyd W Lewis (57)	359	12	—	—	371	33	11	Lincoln County, Miss	Legal
340	Midlantic Banks	Robert Van Buren (58)	434	42	73	—	549	12	6	Plainfield, NJ	Banking
232	Minn Mining & Mfg	Lewis W Lehr (62)	560	2	123	—	686	36	4	Elgin, Neb	Technical
748	Minnesota Power	Jack F Rowe (56)	199	—	8	—	206	32	4	Sebeka, Minn	Technical
163	Mission Insurance	E Richard DeRosa (60)	387	—	20	441	847	24	18	Oakland, Cal	Insurance
400	Mitchell Energy & Dev	George P Mitchell (64)	443	43	—	—	486	37	24	Galveston, Tex	Founder
43	Mobil	Rawleigh Warner Jr (62)	1,388	34	—	—	1,422	29	13	Chicago, Ill	Finance
34	Monsanto	John W Hanley (61)	804	22	20	681	1,527	10	10	Parkersburg, W Va	Marketing
782	Montana Power	[17]Joseph A McElwain (63)	168	6	—	—	174	29	8	Deer Lodge, Mont	Legal
619	Moore Financial	Thomas C Frye (64)	309	—	—	—	309	45	13	Ontario, Ore	Banking
257	J P Morgan	Lewis T Preston (56)	794	70	—	—	863	31	3	New York, NY	Banking
447	Morrison-Knudsen	William H McMurren (55)	441	—	—	—	441	28	11	Ontario, Ore	Operations
236	Morton Thiokol	Charles S Locke (54)	618	1	64	—	684	7	3	Laurel, Miss	Finance
332	Motorola	Robert W Galvin (60)	500	54	—	—	554	43	23	Marshfield, Wisc	Administration
793	Mountain Fuel Supply	R D Cash (41)	154	—	8	—	162	7	1	Shamrock, Tex	Technical
453	Murphy Oil	Charles H Murphy Jr (63)	338	—	98	—	436	33	33	El Dorado, Ark	Founder
66	Nabisco Brands	Robert M Schaeberle (60)	836	20	332	58	1,246	36	9	Newark, NJ	Finance
784	Nalco Chemical	Worley H Clark Jr (51)	161	11	—	—	172	23	1	Richmond, Va	Technical
703	Nash Finch	Harold B Finch Jr (56)	192	8	49	—	249	27	1	Grand Forest, ND	Technical
775	Natl BancsharesTexas	Richard W Calvert (52)	175	5	—	—	180	20	1	Cambridge, Mass	Banking
377	National Can	Frank W Considine (61)	417	33	19	34	503	21	10	Chicago, Ill	Sales
516	Natl Central Financl	Wilson D McElhinny (53)	320	55	12	—	386	19	8	Detroit, Mich	Banking
482	National City	Julien L McCall (62)	409	—	—	—	409	11	2	Florence, SC	Banking
149	National Distillers	Drummond C Bell (67)	535	—	342	—	877	26	12	Baltimore, Md	Finance
6	Natl Medical Entrprs	Richard K Eamer (55)	675	117	—	2,652	3,445	14	14	Long Beach, Cal	Founder
754	Natl Semiconductor	Charles E Sporck (55)	192	5	6	—	203	16	16	Saranac Lake, NY	Production
578	National Svc Inds	Erwin Zaban (61)	332	—	5	—	337	46	10	Atlanta, Ga	Administration

[1]For FORBES definitions and methodology see page 126.
[16]Succeeded by Joseph L. Dionne, 4/26/83.
[17]Succeeded by W. Paul Schmechel, 5/3/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000)[1] salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
568	National Steel	Howard M Love (53)	330	9	8	—	346	27	3	Pittsburgh, Pa	Operations
499	Nationwide	John E Fisher (53)	364	34	—	—	398	32	1	Portsmouth, Ohio	Insurance
272	Natomas	Dorman L Commons (65)	410	46	—	166	622	10	9	Denair, Cal	Finance
457	NBD Bancorp	Charles T Fisher III (53)	429	3	—	—	431	24	1	Detroit, Mich	Banking
333	NCNB	Thomas I Storrs (64)	480	18	—	56	554	22	9	Nashville, Tenn	Banking
152	NCR	[38]William S Anderson (64)	679	5	188	—	872	37	9	China	Marketing
700	New England Electric	Guy W Nichols (57)	238	13	—	—	251	35	11	Colchester, Vt	Administration
777	N Y State Elec & Gas	[39]Charles F Kennedy (68)	172	8	—	—	179	9	6	Elmira, NY	Technical
82	New York Times	Arthur O Sulzberger (57)	698	—	432	—	1,130	29	20	New York, NY	Journalism
470	Newmont Mining	Plato Malozemoff (73)	417	3	—	—	419	37	29	Russia	Administration
706	Niagara Mohawk Pwr	John G Haehl Jr (60)	231	3	7	—	241	21	10	Brooklyn, NY	Finance
341	NICOR	Clarence J Gauthier (61)	342	168	37	—	547	37	12	Houghton, Mich	Technical
103	A C Nielsen	Arthur C Nielsen Jr (64)	985	50	—	—	1,036	37	7	Chicago, Ill	Marketing
661	NIKE	Philip H Knight (45)	257	25	—	—	282	19	19	Portland, Ore	Founder
189	NL Industries	Theodore C Rogers (49)	525	55	186	—	766	3	1	Lorain, Ohio	Operations
693	Noble Affiliates	Roy Butler (57)	234	22	—	—	256	27	3	Rising Star, Tex	Operations
301	Norfolk Southern	Robert B Claytor (61)	570	15	10	—	596	31	1	Roanoke, Va	Legal
379	Norstar Bancorp	Peter D Kiernan (59)	366	107	29	—	502	9	9	Albany, NY	Insurance
359	North Amer Philips	Cees Bruynes (50)	470	3	46	—	519	8	1	Netherlands	Marketing
627	Northeast Utilities	[40]Lelan F Sillin Jr (65)	300	—	1	—	301	15	13	Tampa, Fla	Legal
729	No Indiana Pub Svc	Edmund A Schroer (55)	225	—	—	—	225	6	6	Hammond, Ind	Legal
617	No States Power	Donald W McCarthy (61)	310	3	—	—	313	35	6	Minneapolis, Minn	Operations
364	Northern Trust	Philip W K Sweet Jr (55)	350	102	61	—	514	29	2	Mount Vernon, NY	Banking
9	Northrop	Thomas V Jones (62)	1,181	352	1,378	—	2,911	29	23	Pomona, Cal	Administration
573	Northwest Airlines	M Joseph Lapensky (64)	340	—	—	—	340	38	4	Minneapolis, Minn	Finance
177	Northwest Energy	John G McMillian (56)	696	90	2	—	788	10	9	Orange City, Tex	Technical
168	Northwest Industries	Ben W Heineman (69)	807	19	—	—	826	27	27	Wausau, Wisc	Founder
660	Northwestern Finl	Ben T Craig (50)	273	10	—	—	283	5	5	Gastonia, NC	Banking
351	Norton	Donald R Melville (56)	412	15	—	108	534	16	3	England	Marketing
8	Norton Simon	David J Mahoney (60)	888	352	611	1,145	2,996	16	13	New York, NY	Marketing
570	Norwest	John W Morrison (61)	336	—	11	—	346	5	1	Minneapolis, Minn	Administration
118	Occidental Petroleum	Armand Hammer (85)	721	110	158	—	990	25	25	New York, NY	Finance
51	Ogden	Ralph E Ablon (67)	1,125	226	—	—	1,351	28	21	Tupelo, Miss	Administration
677	Ohio Casualty	John G Sloneker (61)	222	21	22	—	264	35	4	Hamilton, Ohio	Insurance
750	Ohio Edison	Justin T Rogers Jr (53)	205	—	—	—	205	24	3	Sandusky, Ohio	Legal
752	Oklahoma Gas & Elec	James G Harlow Jr (49)	193	11	—	—	204	22	7	Oklahoma City, Okla	Finance
650	Old Kent Financial	John C Canepa (52)	215	31	41	—	287	13	1	Newburyport, Mass	Banking
649	Old Stone	Theodore W Barnes (52)	259	28	—	—	287	35	7	Providence, RI	Banking
265	Olin	John M Henske (60)	538	56	—	34	628	13	5	Omaha, Neb	Operations
773	Oneok	J E Tyree (61)	170	11	—	—	181	34	1	Sperry, Okla	Technical
543	Overseas Shipholding	Morton P Hyman (47)	369	—	—	—	369	13	11	New York, NY	Legal
483	Owens-Corning Fbrgls	William W Boeschenstein (57)	395	1	12	—	408	32	10	Chicago, Ill	Marketing
197	Owens-Illinois	Edwin D Dodd (64)	521	391	−159	[redacted]	754	36	10	Point Pleasant, W Va	Production
374	PACCAR	Charles M Pigott (54)	493	—	13	—	506	27	15	Seattle, Wash	Administration
552	Pacific Gas & Elec	Frederick W Mielke Jr (62)	349	15	—	—	364	32	4	New York, NY	Legal
181	Pacific Lighting	Paul A Miller (58)	370	20	—	392	782	34	14	San Francisco, Cal	Finance
522	Pacific Pwr & Lt	Don C Frisbee (59)	373	8	—	—	381	29	11	San Francisco, Cal	Finance
454	Pacific Resources	James F Gary (62)	391	42	—	—	433	16	16	Chicago, Ill	Operations
119	Paine Webber	Donald B Marron (48)	983	—	5	—	988	24	3	Goshen, NY	Investment
455	Pall	Abraham Krasnoff (63)	331	16	85	—	432	32	13	Newark, NJ	Finance

[1]For FORBES definitions and methodology see page 126.
[38]Succeeded by Charles E. Exley, Jr., 4/20/83.
[39]Succeeded by Wells P. Allen, Jr., 5/13/83.
[40]Succeeded by William B. Ellis, 5/1/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
371	Pan Am World Airways	C Edward Acker (54)	500	9	—	—	509	1	1	Dallas, Tex	Administration
412	Panhandle Eastern	[41]Richard L O'Shields (56)	432	3	21	17	472	23	13	Ozark, Ark	Production
716	Parker Drilling	Robert L Parker (59)	230	3	—	—	233	36	29	Tulsa, Okla	Technical
502	Parker-Hannifin	Patrick S Parker (53)	366	29	1	—	396	30	11	Cleveland, Ohio	Administration
30	Parsons	William E Leonhard (68)	580	337	738	—	1,655	16	7	Middletown, Pa	Technical
462	Payless Cashways	David Stanley (47)	331	2	—	95	428	3	1	Kansas City, Kan	Legal
294	Penn Central	Alfred W Martinelli (55)	552	40	10	—	602	23	1	Hackensack, NJ	Finance
156	J C Penney	Donald V Seibert (59)	837	—	29	—	866	35	8	Hamilton, Ohio	Retailing
766	Penn Power & Light	Robert K Campbell (53)	190	—	—	—	190	6	4	Chicago, Ill	Technical
36	Pennzoil	J Hugh Liedtke (61)	600	563	313	—	1,476	27	20	Tulsa, Okla	Legal
753	Peoples Bancorp	Joshua Green III (47)	204	—	—	—	204	22	6	Seattle, Wash	Banking
745	Peoples Energy	Eugene A Tracy (55)	200	—	8	—	208	31	1	Oak Park, Ill	Finance
257	PepsiCo	Donald M Kendall (62)	458	7	178	—	642	36	20	Sequim, Wash	Marketing
532	Perkin-Elmer	Robert H Sorensen (62)	283	—	91	—	374	23	5	Racine, Wisc	Technical
565	Petrolane	[42]Rudolph J Munzer (65)	330	20	—	—	350	36	26	Minneapolis, Minn	Sales
145	Pfizer	Edmund T Pratt Jr (56)	750	21	—	117	889	18	10	Savannah, Ga	Finance
558	Phelps Dodge	George B Munroe (61)	359	—	—	—	359	25	13	Joliet, Ill	Legal
238	PHH Group	Jerome W Geckle (54)	384	6	159	130	680	27	2	Baltimore, MD	Administration
56	Phibro-Salomon	David Tendler (45)	1,285	—	—	—	1,285[43]	23	2	New York, NY	Administration
689	Phila Electric	James L Everett (56)	254	3	—	—	257	33	5	Charlotte, NC	Technical
472	[44]Philadelphia Natl	G Morris Dorrance Jr (60)	292	125	—	—	417	31	14	Philadelphia, Pa	Finance
107	Philip Morris	George Weissman (63)	956	75	—	—	1,031	31	4	New York, NY	Marketing
161	Phillips Petroleum	William C Douce (63)	788	31	30	—	849	41	3	Kingman, Kan	Operations
585	Pic 'n' Save	Arthur Frankel (56)	290	1	40	—	331	28	12	Perth Amboy, NJ	Administration
138	Pillsbury	William H Spoor (60)	822	15	—	70	907	33	10	Pueblo, Colo	Operations
443	Pioneer	K Bert Watson (58)	344	10	90	—	444	30	10	Ranger, Tex	Legal
770	Pioneer Hi-Bred Intl	Thomas N Urban (49)	183	—	—	—	183	22	2	Des Moines, Iowa	Administration
184	Pitney Bowes	[45]Fred T Allen (66)	615	—	119	44	778	44	9	Providence, RI	Operations
310	Pittston	Nicholas T Camicia (67)	460	39	88	—	587	14	13	Welch, W Va	Operations
368	PNC Financial	Merle E Gilliland (61)	480	—	32	—	512[46]	30	13	Pitcairn, Pa	Finance
68	Pneumo	Gerard A Fulham (63)	802	—	—	425	1,226	23	14	Winthrop, Mass	Finance
487	Pogo Producing	William C Liedtke Jr (58)	350	56	—	—	406	13	5	Tulsa, Okla	Operations
597	Polaroid	William J McCune Jr (68)	325	—	—	—	325	43	3	Glens Falls, NY	Technical
734	Portland Genl Elec	Robert H Short (58)	208	7	6	—	221	28	2	Klamath Falls, Ore	Finance
506	Potlatch	Richard B Madden (54)	375	7	9	—	391	12	12	Orange, NJ	Finance
605	Potomac Elec Power	W Reid Thompson (58)	294	17	8	—	319	12	12	Durham, NC	Legal
278	PPG Industries	L Stanton Williams (63)	440	160	16	—	616	37	4	Honolulu, Haw	Finance
719	Premier Industrial	Morton L Mandel (62)	230	1	—	—	231	43	43	Cleveland, Ohio	Founder
673	Primark	Robert W Stewart (58)	261	—	9	—	270	12	2	Tulsa, Okla	Marketing
398	Prime Computer	Joe M Henson (49)	460	27	—	—	487	1	1	Fort Smith, Ark	Marketing
116	Procter & Gamble	John G Smale (55)	702	79	212	—	993	30	2	Listowel, Can	Administration
622	Provident Life & Acc	H Carey Hanlin (58)	304	—	—	—	304	34	4	Chattanooga, Tenn	Insurance
761	Public Service Colo	Richard F Walker (59)	188	7	—	—	194	33	4	Alliance, Neb	Technical
756	Public Service Ind	Hugh A Barker (57)	195	7	—	—	202	24	6	Stillwater, Minn	Finance
802	Public Service N H	[47]William C Tallman (63)	148	—	—	—	148	36	14	Newton, Mass	Technical
665	Public Service N M	Jerry D Geist (49)	255	8	12	—	275	23	7	Raton, NM	Technical
583	Pub Svc Elec & Gas	Robert I Smith (64)	285	42	6	—	333	42	7	Arlington, NJ	Technical
777	Puget Sound Pwr & Lt	John W Ellis (54)	170	4	5	—	179	13	7	Seattle, Wash	Legal
441	Quaker Oats	William D Smithburg (44)	440	6	—	—	446	17	1	Chicago, Ill	Marketing
353	Rainier Bancorp	G Robert Truex Jr (59)	445	12	74	—	531	9	9	Red Bank, NJ	Banking

[1]For FORBES definitions and methodology see page 126.
[41]Succeeded by Robert D. Hunsucker, 1/1/83.
[42]Succeeded by John C. Wallace, 2/8/83.
[43]Figures are salary and bonus for year ended 12/31/81. Mr. Tendler is not one of the five most highly paid officers; current remuneration is not available.
[44]Acquired National Central Financial and name changed to CoreStates Financial.
[45]Succeeded by George B. Harvey, 1/1/83.
[46]Compensaton paid by Pittsburgh National prior to merger.
[47]Succeeded by Robert J. Harrison, 3/1/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
269	Ralston Purina	William P Stiritz (48)	550	76	—	—	626	19	1	Jasper, Ark	Marketing
708	Raychem	Paul M Cook (59)	240	—	—	—	240	26	26	Ridgewood, NJ	Founder
393	Raymond Intl	Henry F LeMieux (56)	425	17	49	—	491	34	12	Greenville, Miss	Administration
198	Raytheon	Thomas L Phillips (59)	748	3	2	—	753	35	14	Turkey	Technical
130	RCA	Thornton F Bradshaw (65)	694	16	244	—	955	2	1	Washington, DC	Administration
251	Reading & Bates	John W Bates Jr (63)	358	226	70	—	653	37	16	Spirit Lake, Iowa	Administration
795	Republic Airlines	Daniel F May (53)	145	15	—	—	160	26	1	Rainier, Ore	Finance
330	Republic New York	Walter H Weiner (52)	542	12	—	—	554	3	3	New York, NY	Legal
564	Republic Steel	E Bradley Jones (55)	326	24	—	—	350	29	1	Cleveland, Ohio	Sales
219	RepublicBank	James D Berry (62)	612	50	46	—	708	33	6	Sapulpa, Okla	Banking
194	Revco D S	Sidney Dworkin (62)	302	162	267	30	760	27	16	Detroit, Mich	Founder
81	Revlon	Michel C Bergerac (51)	1,125	2	7	—	1,134	8	8	France	Administration
12	R J Reynolds Inds	J Paul Sticht (65)	908	19	212	1,194	2,333	10	5	Clairton, Pa	Marketing
295	Reynolds Metals	David P Reynolds (68)	380	33	189	—	602	46	7	Bristol, Tenn	Marketing
508	Richardson-Vicks	John S Scott (57)	364	25	—	1	390	32	7	West Orange, NJ	Marketing
496	Riggs National	Joe L Allbritton (58)	398	—	—	—	398	2	1	D'Lo, Miss	Finance
762	[48]RIHT Financial	Henry S Woodbridge Jr (54)	191	2	—	—	193	28	8	Boston, Mass	Finance
523	Rite Aid	Alex Grass (55)	380	—	—	—	380	30	20	Scranton, Pa	Founder
373	Roadway Services	Charles F Zodrow (60)	364	114	31	—	509	24	1	Milwaukee, Wisc	Finance
592	A H Robins	E Claiborne Robins Jr (39)	289	19	18	—	326	14	5	Richmond, Va	Administration
792	Rochester Gas & Elec	Paul W Briggs (60)	158	5	—	—	163	37	2	Fairport, NY	Finance
108	Rockwell Intl	Robert Anderson (62)	977	23	30	—	1,029	15	9	Columbus, Neb	Technical
289	Rohm & Haas	Vincent L Gregory Jr (60)	466	10	130	—	605	33	12	Oil City, Pa	Finance
384	Rollins	O Wayne Rollins (71)	500	—	—	—	500	35	35	Ringgold, Ga	Founder
579	ROLM	M Kenneth Oshman (42)	337	—	—	—	337	14	14	Kansas City, Mo	Founder
106	Rowan Cos	C Robert Palmer (48)	325	—	3	707	1,035	30	11	Gorman, Tex	Technical
31	Ryder System	[49]Leslie O Barnes (66)	700	25	—	914	1,639	7	7	Canisteo, NY	Administration
435	Safeco	Roland M Trafton (63)	301	—	29	122	452	30	4	Los Angeles, Cal	Finance
392	Safeway Stores	Peter A Magowan (41)	475	17	—	—	492	15	3	New York, NY	Administration
182	St Paul Cos	Carl B Drake Jr (63)	543	—	56	183	782	41	10	St Paul, Minn	Insurance
382	[50]St Regis	William R Haselton (58)	403	95	—	3	501	30	4	Glens Falls, NY	Operations
723	San Diego Gas & Elec	Thomas A Page (50)	224	7	—	—	230	5	1	Niagara Falls, NY	Technical
277	Santa Fe Industries	[51]John S Reed (66)	490	82	46	—	617	43	10	Chicago, Ill	Operations
297	Schering-Plough	Robert P Luciano (49)	518	40	41	—	599	4	1	New York, NY	Legal
527	SCM	Paul H Elicker (60)	357	6	15	—	378	26	11	New York, NY	Finance
266	SCOA Industries	Herbert H Schiff (66)	449	4	175	—	627	44	18	Columbus, Ohio	Retailing
484	Scott Paper	Philip E Lippincott (47)	400	—	8	—	407	24	1	Camden, NJ	Operations
537	Seafirst	[52]William M Jenkins (64)	355	18	—	—	373	37	20	Sultan, Wash	Banking
14	G D Searle	Donald H Rumsfeld (50)	445	283	—	1,528	2,255	6	6	Chicago, Ill	Investment
74	Sears, Roebuck	Edward R Telling (64)	1,050	70	42	—	1,162	37	5	Danville, Ill	Retailing
95	Security Pacific	Richard J Flamson III (54)	649	7	—	419	1,075	28	4	Los Angeles, Cal	Banking
315	SEDCO	B Gill Clements (41)	321	55	203	—	579	14	4	Dallas, Tex	Finance
3	Sensormatic Electrns	Ronald G Assaf (48)	250	33	8	6,995	7,286	16	9	Akron, Ohio	Founder
587	Service Merchandise	Raymond Zimmerman (50)	326	4	—	—	329	22	10	Memphis, Tenn	Administration
746	Servicemaster Inds	[53]Kenneth T Wessner (61)	150	3	54	—	207	28	7	Sinking Springs, Pa	Administration
576	Shared Medical Systm	R James Macaleer (49)	252	82	3	—	338	14	14	Elizabeth, NJ	Founder
582	Shawmut	John P LaWare (55)	283	—	50	—	333	4	2	Columbus, Wisc	Banking
26	Shell Oil	John F Bookout (60)	869	141	475	286	1,771	32	7	Shreveport, La	Technical
176	Sherwin-Williams	John G Breen (48)	677	41	9	64	791	4	4	Cleveland, Ohio	Operations
215	Signal Cos	Forrest N Shumway (56)	435	93	185	—	712	26	15	Skowhegan, Me	Legal

[1]For FORBES definitions and methodology see page 126.
[48]Formerly Hospital Trust.
[49]Succeeded by M. Anthony Burns, 1/1/83.
[50]Formerly St. Regis Paper.
[51]Succeeded by John J. Schmidt, 4/26/83.
[52]Succeeded by Richard P. Cooley, 1/1/83.
[53]Succeeded by C. William Pollard, 6/1/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	as CEO	Place of birth	Business background
456	Singer	Joseph B Flavin (54)	432	—	—	—	432	7	7	St Louis, Mo	Finance
110	Smith International	Jerry W Neely (46)	517	31	—	474	1,021	17	6	Torrance, Cal	Operations
204	SmithKline Beckman	Henry Wendt III (49)	577	9	21	130	737	28	1	Neptune City, NJ	Marketing
346	Society	[54]J Maurice Struchen (62)	371	35	29	107	542	13	7	Cleveland, Ohio	Banking
171	SONAT	Henry C Goodrich (63)	697	6	29	81	812	3	2	Fayetteville, Tenn	Technical
759	So Carolina E & G	Virgil C Summer (62)	183	5	8	—	196	45	3	Spartanburg, SC	Operations
643	South Carolina Natl	James G Lindley (52)	258	29	3	—	290	4	2	Greensboro, NC	Banking
357	Southeast Banking	Charles J Zwick (56)	494	6	24	—	523	14	3	Plantsville, Conn	Finance
467	So Calif Edison	William R Gould (63)	397	13	11	—	421	35	2	Provo, Utah	Technical
436	Southern Company	Alvin W Vogtle Jr (64)	433	17	—	—	451	42	13	Birmingham, Ala	Legal
613	So New England Tel	Alfred W Van Sinderen (59)	283	7	27	—	317	35	15	Brooklyn, NY	Operations
395	Southern Pacific	Benjamin F Biaggini (67)	475	—	14	—	489	46	15	New Orleans, La	Technical
223	Southland	John P Thompson (57)	541	149	10	—	700	34	22	Dallas, Tex	Finance
450	Southland Royalty	Jon Brumley (44)	354	46	40	—	439	16	9	Pampa, Tex	Administration
596	SouthTrust	Wallace D Malone Jr (46)	293	32	—	—	325	24	2	Dothan, Ala	Banking
614	Southwest Airlines	Herbert D Kelleher (52)	292	2	22	—	316	16	1	Camden, NJ	Legal
492	Southwest Bancshares	John T Cater (47)	380	21	—	—	401	6	6	Temple, Tex	Banking
760	Southwestern Pub Svc	Berl M Springer (62)	189	5	—	—	194	36	1	Lakeview, Tex	Technical
448	Sperry	Gerald G Probst (59)	400	41	—	—	441	22	1	Ogden, Utah	Technical
230	Square D	Mitchell P Kartalia (70)	580	2	108	—	690	42	15	Yukon, Pa	Marketing
94	Squibb	Richard M Furlaud (60)	760	13	125	178	1,076	27	17	New York, NY	Legal
254	A E Staley Mfg	Donald E Nordlund (61)	469	47	135	—	651	27	10	Stromsburg, Neb	Administration
72	Standard Oil Calif	George M Keller (59)	620	503	81	—	1,205	35	2	Kansas City, Mo	Technical
158	Standard Oil Ind	John E Swearingen (64)	811	49	—	—	860	44	22	Columbia, SC	Production
128	Standard Oil Ohio	Alton W Whitehouse Jr (55)	616	51	186	105	958	14	5	Albany, NY	Legal
525	Stanley Works	Donald W Davis (62)	346	23	—	12	380	35	17	Springfield, Mass	Administration
290	State Street Boston	William S Edgerly (56)	360	12	—	233	605	7	7	Lewiston, Me	Finance
367	Stauffer Chemical	H Barclay Morley (54)	389	1	122	—	[illegible]	20	9	Sydney, Can	Technical
345	Sterling Drug	Dr W Clarke Wescoe (63)	489	53	—	—	542	13	9	Allentown, Pa	Technical
325	J P Stevens	Whitney Stevens (56)	414	16	131	—	561	35	3	Plainfield, NJ	Sales
370	Stone & Webster	Raymond C Foster (64)	422	61	27	—	510	37	9	Queens, NY	Technical
199	Stop & Shop Cos	Avram J Goldberg (53)	468	2	280	—	751	25	4	Boston, Mass	Legal
481	Storage Technology	Jesse I Aweida (52)	388	7	16	—	411	13	13	Palestine	Founder
623	Suburban Bancorp	Robert F Tardio (54)	299	5	—	—	304	9	9	New York, NY	Finance
806	Sumitomo Bank Cal	Teruhisa Shimizu (50)	99	9	—	—	107	28	1	Japan	Banking
682	[55]Sun Banks	Joel R Wells Jr (55)	250	3	10	—	263	24	1	Troy, Ala	Legal
170	Sun Company	Theodore A Burtis (61)	717	43	—	60	820	16	4	Jamaica, NY	Technical
90	Sundstrand	Evans W Erikson (56)	729	267	90	—	1,086	31	3	Rockford, Ill	Technical
718	Super Food Services	Jack Twyman (49)	230	—	—	2	232	13	11	Pittsburgh, Pa	Administration
589	Super Valu Stores	Michael W Wright (45)	329	1	—	—	329	6	2	Minneapolis, Minn	Legal
308	Superior Oil	Frederic C Ackman (52)	559	8	19	—	587	2	1	Oakland, Ind	Administration
399	Supermarkets General	[56]Herbert Brody (68)	474	4	9	—	486	27	3	Philadelphia, Pa	Founder
207	Swift Independent	John A Copeland (59)	446	6	275	—	726	35	2	Converse, La	Production
546	Sysco	[57]John F Baugh (67)	295	73	—	—	367	37	13	Waco, Tex	Founder
604	Tampax	Edwin H Shutt (55)	290	—	20	10	320	2	1	St Louis, Mo	Marketing
765	Tandem Computers	James G Treybig (42)	190	—	—	—	190	8	8	Clarendon, Tex	Founder
799	Tandon	Sirjang Lal Tandon (41)	153	—	—	—	153	8	8	India	Founder
322	Tandy	John V Roach (44)	500	65	—	—	565	16	1	Stamford, Tex	Operations
709	TECO Energy	Hugh L Culbreath (62)	220	17	—	—	237	26	11	Tampa, Fla	Finance
423	Tektronix	Earl Wantland (51)	223	108	—	130	461	28	8	Bridge, Ore	Administration
674	Tele-Communications	John C Malone (42)	256	14	—	—	270	10	10	Milford, Conn	Administration
159	Teledyne	Henry E Singleton (66)	850	9	—	—	859	22	22	Haslet, Tex	Founder
77	Tenneco	James L Ketelsen (52)	730	52	373	—	1,155	24	4	Davenport, Iowa	Finance

[1]For FORBES definitions and methodology see page 126.
[54]Succeeded by Gordon E. Heffern, 4/21/83.
[55]Formerly Sun Banks of Florida.
[56]Deceased. Succeeded by Leonard Lieberman, 4/7/83.
[57]Succeeded by John F. Woodhouse, 1/1/83.

Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
45	**Tesoro Petroleum**	**Robert V West Jr (62)**	981	25	367	—	**1,372**	27	18	Kansas City, Mo	Founder
49	**Texaco**	**John K McKinley (63)**	678	65	611	—	**1,354**	42	2	Tuscaloosa, Ala	Technical
410	**Texas Air**	**Francisco A Lorenzo (43)**	268	27	180	—	**474**	11	3	New York, NY	Finance
705	**Texas American Bshs**	**Lewis H Bond (61)**	231	—	10	—	**242**	31	20	Ashport, Tenn	Banking
88	**Texas Commerce Bshs**	**Ben F Love (58)**	716	25	362	—	**1,102**	16	10	Vernon, Tex	Finance
248	**Texas Eastern**	**I David Bufkin (61)**	469	96	94	—	**658**	34	3	Haynesville, La	Technical
494	**Texas Gas**	**Dennis R Hendrix (43)**	377	23	—	—	**400**	10	5	Selmer, Tenn	Finance
237	**Texas Instruments**	**Mark Shepherd Jr (60)**	397	27	16	243	**682**	35	14	Dallas, Tex	Technical
27	**Texas Oil & Gas**	**Forrest E Hoglund (49)**	442	5	—	1,303	**1,749**	5	1	Lawrence, Kan	Operations
608	**Texas Utilities**	**T Louis Austin Jr (64)**	304	14	—	—	**318**	30	8	Trenton, Tenn	Production
401	**Textron**	**Robert P Straetz (61)**	418	44	23	—	**486**	37	3	Hillside, NJ	Sales
666	**Third National**	**Charles J Kane (63)**	259	12	3	—	**274**	8	7	Louisville, Ky	Banking
639	**Thrifty Corp**	**Leonard H Straus (68)**	285	—	10	—	**294**	37	26	New York, NY	Legal
7	**Tidewater**	**John P Laborde (59)**	708	5	32	2,468	**3,214**	27	27	Marksville, La	Legal
273	**Tiger International**	**Wayne M Hoffman (60)**	460	39	123	—	**621**	15	12	Chicago, Ill	Legal
84	**Time Inc**	**J Richard Munro (52)**	584	75	53	407	**1,118**	25	2	Syracuse, NY	Operations
221	**Times Mirror**	**Robert F Erburu (52)**	525	175	—	—	**700**	21	2	Ventura, Cal	Legal
631	**Timken**	**William R Timken Jr (44)**	291	9	—	—	**300**	20	8	Canton, Ohio	Operations
758	**Toledo Edison**	**John P Williamson (61)**	185	5	6	—	**196**	32	10	Cleveland, Ohio	Finance
403	**Torchmark**	**Frank P Samford Jr (62)**	432	51	—	—	**484**	35	16	Montgomery, Ala	Legal
227	**†Tosco**	**Morton M Winston (52)**	520	52	123	—	**695**	19	7	New York, NY	Legal
2	**Toys "R" Us**	**Charles Lazarus (59)**	1,431	12	45	42,360	**43,848**	27	27	Washington, DC	Founder
408	**Trans World**	**L Edwin Smart (59)**	353	1	76	47	**477**	16	6	Columbus, Ohio	Legal
151	**Transamerica**	**James R Harvey (48)**	570	21	—	282	**872**	18	2	Los Angeles, Cal	Finance
335	**Transco Energy**	**William J Bowen (61)**	445	27	81	—	**552**	8	8	Sweetwater, Tex	Operations
659	**TRANSOHIO Fincl**	**Warner B Bishop (64)**	263	6	14	—	**283**	20	20	Lakewood, Ohio	Administration
312	**Travelers**	**Edward H Budd (50)**	482	15	8	79	**584**	28	2	Zanesville, Ohio	Insurance
422	**Trust Co of Georgia**	**Robert Strickland (56)**	239	47	68	107	**461**	34	6	Atlanta, Ga	Banking
55	**TRW**	**Ruben F Mettler (59)**	620	4	19	670	**1,313**	28	5	Shafter, Cal	Technical
751	**Tucson Electric Pwr**	**Theodore M Welp (49)**	180	24	—	—	**204**	9	7	San Francisco, Cal	Finance
427	**Turner Construction**	**Walter B Shaw (63)**	319	—	116	23	**458**	42	6	New York, NY	Operations
509	**UAL**	**Richard J Ferris (47)**	380	10	—	—	**390**	11	4	Sacramento, Cal	Administration
426	**Union Camp**	**Peter J McLaughlin (54)**	301	—	13	145	**459**	37	3	New York, NY	Finance
201	**Union Carbide**	**Warren M Anderson (61)**	731	17	—	—	**748**	38	1	Brooklyn, NY	Legal
591	**Union Electric**	**Charles J Dougherty (64)**	323	5	—	—	**327**	42	15	Clayton, Mo	Legal
160	**Union Pacific**	**[58]James H Evans (63)**	835	9	14	—	**857**	14	5	Lansing, Mich	Administration
471	**Uniroyal**	**Joseph P Flannery (51)**	388	30	—	—	**418**	24	3	Lowell, Mass	Marketing
678	**United Banks of Colo**	**N Berne Hart (53)**	219	—	31	14	**264**	29	4	Denver, Colo	Banking
451	**United Brands**	**Seymour Milstein (62)**	435	3	—	—	**438**	8	6	New York, NY	Operations
262	**Utd Energy Resources**	**J Hugh Roff Jr (51)**	509	42	79	—	**631**	9	9	Wewoka, Okla	Legal
804	**United Illuminating**	**John D Fassett (57)**	126	—	4	—	**131**	9	7	East Hampton, NY	Legal
519	**United Jersey Banks**	**T Joseph Semrod (46)**	327	57	—	—	**384**	2	2	Oklahoma City, Okla	Banking
671	**United Missouri Bshs**	**R Crosby Kemper (56)**	242	4	26	—	**272**	33	13	Kansas City, Mo	Administration
698	**U S Bancorp**	**John A Elorriaga (59)**	252	—	—	—	**252**	32	8	Jordan Valley, Ore	Banking
111	**United States Gypsum**	**Graham J Morgan (65)**	543	12	14	448	**1,018**	43	18	Aurora, Ill	Marketing
98	**United States Shoe**	**Philip G Barach (53)**	484	—	—	569	**1,053**	22	15	Boston, Mass	Administration
307	**United States Steel**	**David M Roderick (59)**	557	8	22	—	**587**	24	4	Pittsburgh, Pa	Finance
195	**U S Tobacco**	**Louis F Bantle (54)**	730	28	—	—	**758**	20	10	Bridgeport, Conn	Marketing
274	**U S Trust**	**Daniel P Davison (58)**	341	42	228	9	**620**	4	2	New York, NY	Banking
35	**United Technologies**	**Harry J Gray (63)**	1,100	180	201	—	**1,481**	11	10	Milledgeville, Ga	Administration
458	**United Telecom**	**Paul H Henson (57)**	400	24	—	7	**431**	24	16	Bennet, Neb	Technical
590	**United Virginia Bshs**	**Joseph A Jennings (62)**	302	2	25	—	**328**	45	6	Richmond, Va	Banking
544	**Universal Leaf**	**Gordon L Crenshaw (61)**	248	—	120	—	**369**	37	17	Richmond, Va	Sales

[1]For FORBES definitions and methodology see page 126.
[58]Succeeded by William S. Cook, 5/1/83.

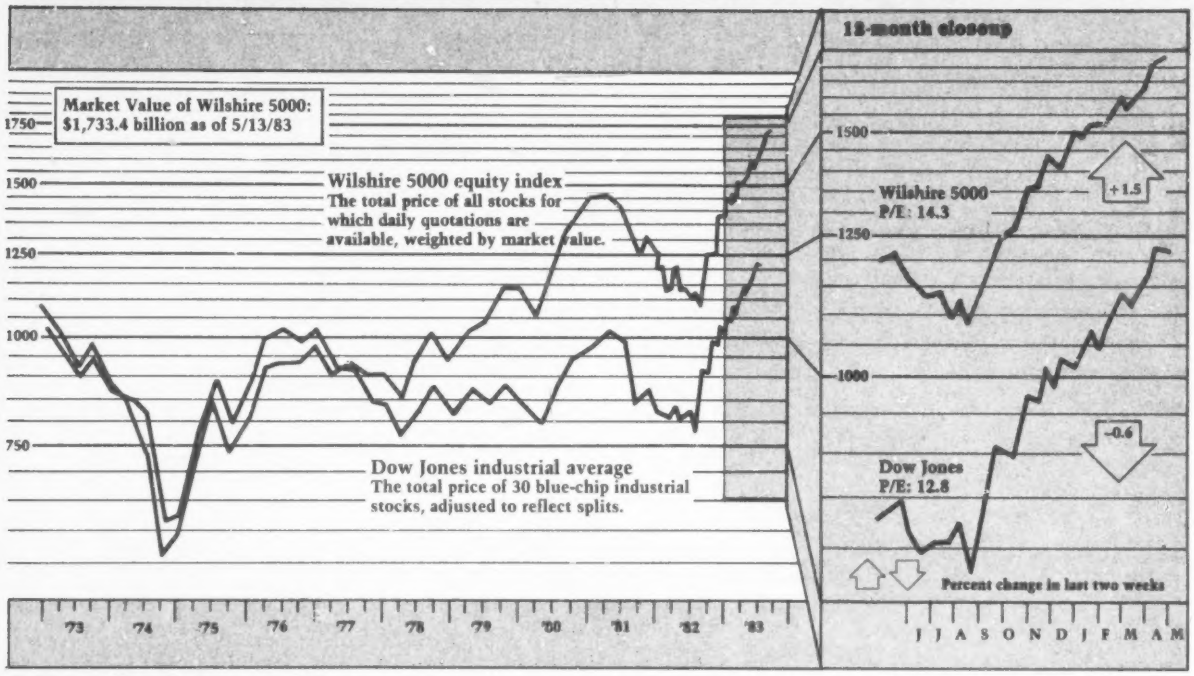
Who Gets The Most Pay

Rank	Company	Chief executive (age)	Compensation ($000) salary & bonus[1]	benefits[1]	contin-gent[1]	stock gains[1]	total	Years served with co.	Years served as CEO	Place of birth	Business background
40	[59]Unocal	Fred L Hartley (66)	1,400	7	47	—	1,455	44	18	Vancouver, Can	Technical
518	Upjohn	Ray T Parfet Jr (60)	356	28	—	—	385	35	21	Port Huron, Mich	Finance
192	USAir Group	Edwin I Colodny (57)	483	11	130	138	761	25	7	Burlington, Vt	Legal
480	USF&G	Jack Moseley (52)	326	—	84	—	411	29	3	Birmingham, Ala	Insurance
211	USLIFE	Gordon E Crosby Jr (62)	516	10	193	—	718	24	17	Remsen, Iowa	Marketing
787	Utah Power & Light	Harry Blundell (58)	162	—	8	—	170	34	4	Salt Lake City, Utah	Finance
264	Valero Energy	William E Greehey (47)	483	116	—	28	628	19	9	Fort Dodge, Iowa	Finance
606	Valley National	[60]Roger A Lyon (56)	260	16	43	—	319	7	1	Phillipsburg, NJ	Banking
316	Varian Associates	Thomas D Sege (57)	458	3	—	117	578	20	1	Yugoslavia	Technical
549	VF	Lawrence R Pugh (46)	366	—	—	—	366	3	1	White Plains, NY	Marketing
663	Virginia Natl Bshs	Clifford A Cutchins III (59)	268	12	—	—	280	35	3	Southampton Cty, Va	Banking
612	Vulcan Materials	W Houston Blount (61)	314	4	—	—	317	28	4	Union Springs, Ala	Operations
465	Wachovia	John G Medlin Jr (49)	369	—	31	26	426	24	6	Benson, NC	Banking
679	Wal-Mart Stores	Sam M Walton (65)	250	—	14	—	264	37	37	Kingfisher, Okla	Founder
629	Waldbaum	Ira Waldbaum (54)	300	—	—	—	300	36	34	Brooklyn, NY	Administration
259	Walgreen	Charles R Walgreen III (47)	401	19	220	—	640	31	12	Chicago, Ill	Operations
282	Wang Laboratories	An Wang (63)	421	—	193	—	614	32	32	China	Founder
4	Warner Commun	Steven J Ross (55)	2,301	96	1,284	—	3,681	21	21	New York, NY	Finance
143	Warner-Lambert	Ward S Hagan (63)	698	155	45	—	898	13	5	Sioux City, Iowa	Marketing
699	Washington National	Stanley P Hutchison (59)	242	6	2	—	251	36	7	Joliet, Ill	Legal
296	Washington Post	Katharine Graham (66)	452	4	145	—	601	20	10	New York, NY	Administration
788	Washington Water Pwr	Wendell J Satre (64)	165	3	—	—	168	44	8	Post Falls, Ida	Operations
284	Waste Management	Dean L Buntrock (52)	532	75	—	—	608	26	14	Columbia, SD	Founder
190	Wells Fargo	[61]Richard P Cooley (59)	557	36	—	173	765	33	16	Dallas, Tex	Finance
515	Wendy's International	Robert L Barney (46)	346	29	12	—	387	13	3	Ashland, Ky	Administration
271	West Point-Pepperell	Joseph L Lanier Jr (51)	372	158	93	—	622	26	7	Lanett, Ala	Operations
334	Western Co No Amer	John A Fanning (43)	335	167	51	—	553	15	2	Waterbury, Conn	Technical
720	Western Savings & Loan	Gary H Driggs (48)	194	36	—	—	231	21	7	Phoenix, Ariz	Banking
473	Western Union	Robert M Flanagan (53)	408	4	3	—	415	9	4	Springfield, Mass	Finance
24	Westinghouse Elec	Robert E Kirby (64)	898	131	14	747	1,790	37	8	Ames, Iowa	Technical
314	Westvaco	David L Luke III (59)	555	26	—	—	581	31	19	Tyrone, Pa	Finance
618	Wetterau	Ted C Wetterau (55)	296	14	—	—	310	31	13	St Louis, Mo	Marketing
336	Weyerhaeuser	George H Weyerhaeuser (56)	541	10	—	—	551	33	17	Seattle, Wash	Production
320	Whirlpool	Jack D Sparks (60)	351	1	70	148	570	42	1	Chicago, Ill	Marketing
216	White Consolidated	Roy H Holdt (62)	530	42	139	—	711	41	6	Edgewood, Md	Finance
626	Whitney Holding	Patrick A Delaney (51)	275	—	28	—	303	29	6	New Orleans, La	Banking
191	Whittaker	Joseph F Alibrandi (54)	350	395	19	—	763	12	8	Boston, Mass	Administration
117	Wickes Cos	Sanford C Sigoloff (53)	965†	25	—	—	990	1	1	St Louis, Mo	Retailing
553	Willamette Inds	William Swindells Jr (52)	340	23	—	—	363	29	1	Oakland, Cal	Operations
559	Williams Cos	Joseph H Williams (50)	403	30	–76	—	358	24	4	Tulsa, Okla	Operations
218	Wilson Foods	Kenneth J Griggy (49)	564	9	21	114	708	7	7	Suffield, Ohio	Marketing
774	Winn-Dixie Stores	A Dano Davis (38)	169	12	—	—	181	15	1	New Rochelle, NY	Retailing
727	Wisconsin Elec Pwr	Charles S McNeer (57)	220	6	—	—	226	33	7	Gilbert, W Va	Technical
769	Wisconsin Pwr & Lt	James R Underkofler (59)	179	6	—	—	185	41	14	Baraboo, Wisc	Finance
609	Witco Chemical	William Wishnick (58)	310	5	3	—	318	41	11	New York, NY	Administration
611	F W Woolworth	John W Lynn (62)	318	—	—	—	318	41	1	Brooklyn, NY	Operations
69	Wyman-Gordon	[62]Joseph R Carter (64)	397	12	—	807	1,217	26	11	Youngstown, Ohio	Operations
252	Xerox	David T Kearns (52)	592	76	–16	—	651	11	1	Rochester, NY	Sales
386	Zapata	[63]B John Mackin (65)	497	3	—	—	500	4	4	Dallas, Tex	Legal
20	Zayre	Maurice Segall (54)	983	91	—	852	1,925	5	5	Joliette, Can	Retailing
555	Zenith Radio	Revone W Kluckman (54)	320	25	16	—	361	16	2	Mound City, SD	Finance
726	Zions Utah Bancorp	Roy W Simmons (67)	151	61	15	—	227	29	17	Portland, Ore	Banking

†CEO joined company in 1982, salary portion not annualized.

[1]For FORBES definitions and methodology see page 126.
[59]Formerly Union Oil California.
[60]Succeeded by Howard C. McCrady, 4/20/83.
[61]Succeeded by Carl E. Reichardt, 1/1/83.
[62]Succeeded by John R. Bullock, 4/20/83.
[63]Succeeded by Ronald C. Lassiter, 1/1/83.

The Forbes/Wilshire 5000 Review



Nothing's perfect. The market showed some signs that the rally isn't quite ready to deliver investors to the promised land. The Amex jumped 6% over the last two weeks. NASDAQ issues were ahead 3.7%. And the broadly based Wilshire index indicates that the overall market gained 1.5%. Meanwhile, the P/E multiple on the Wilshire declined slightly—from 14.5 to 14.3—reflecting some improvement in corporate earnings.

The Dow industrials, however, did not share in the glory. They were off 0.6%. This could be a warning sign. Auto stocks buoyed the Dow, but Wall Street's love fest with Detroit was not enough to offset Kodak's disappointing quarterly results. In heavy trading Kodak ended up almost 11 points lower than it was just two weeks ago.

The Wilshire index shows the average issue is up 42.5% over the last 52 weeks, and 63% since the start of the rally.

Many shares, of course, have performed much better than the averages. But there are hundreds of overexposed companies like Kodak. Large price gains can quickly become a liability if earnings falter or a leading analyst turns bearish. The market has placed a great deal of faith in falling interest rates and an economic recovery. Should the indexes continue to move even higher, the slightest bit of bad news could touch off sharp downward swings.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	5.0	3.3	4.0	4.3	11.0	7.9
in last 52 weeks	42.5	38.5	42.1	39.6	62.0	61.5

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	5.2	15.5	13.7	6.7	11.6	13.2	5.3	14.4	13.2	5.8	5.3	16.8
in last 52 weeks	42.9	116.1	107.3	52.0	78.1	124.6	42.9	123.4	117.8	52.1	56.2	109.2

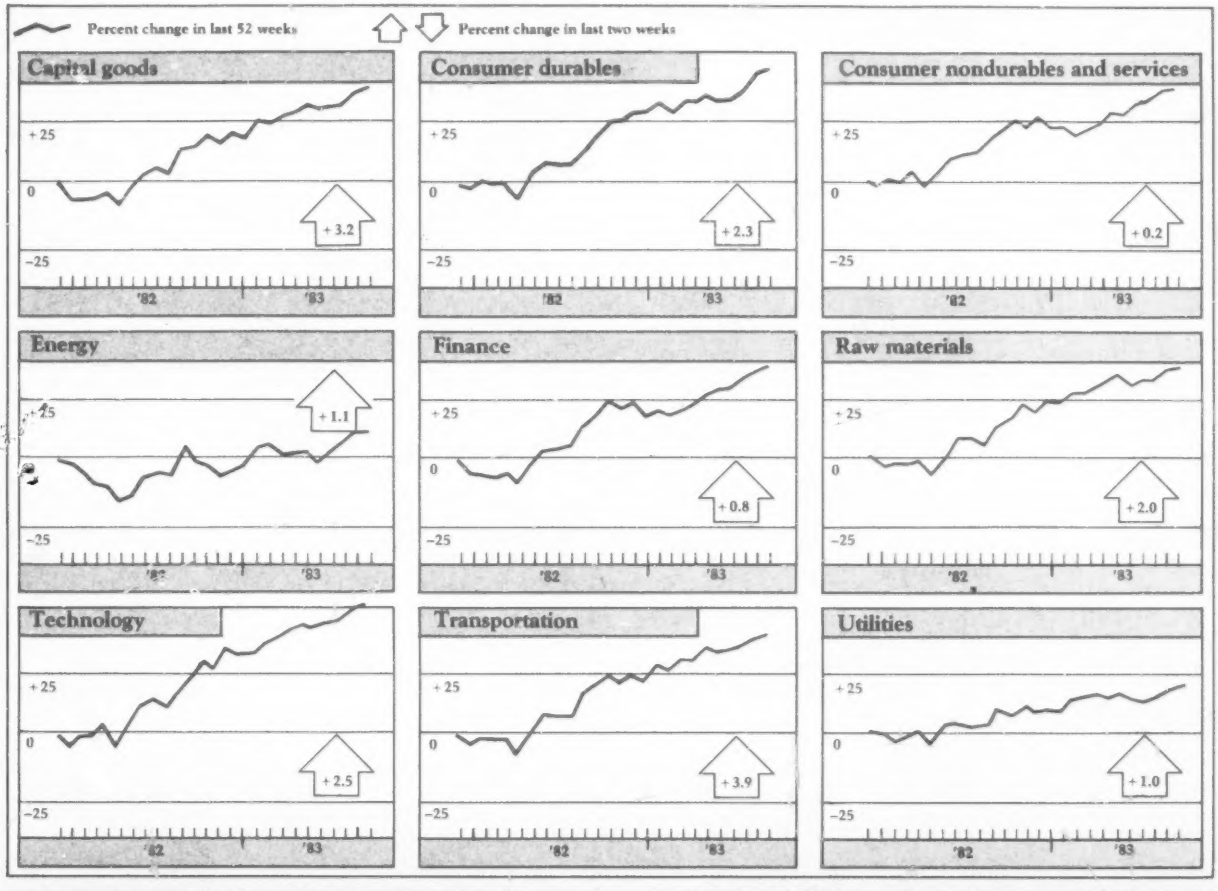
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 5/13/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

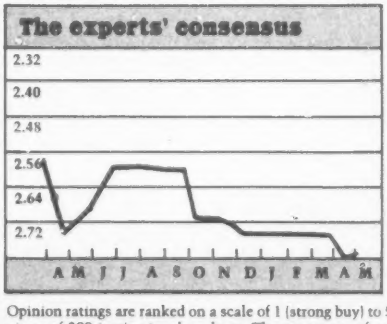
Out of focus. Weakness in the Dow, and one of its leading consumer nondurable stocks, Eastman Kodak, made sector performance only a bit blurry. Overall, the nine groups tell the story of a rebounding economy. Capital goods and consumer durables, two crucial groups, gained 3.2% and 2.3%, respectively. Transportation issues, however, flew above the pack with a 3.9% gain. Despite several dismal earnings reports and no apparent end to fare wars, The Street still has high expectations for airlines.

Energy stocks, up only 1.1%, underperformed the market. But on a positive note, the oils have sustained their upward movement since mid-March. This is beginning to look like the start of a long-term rebound, rather than a quick trading opportunity.



What The Analysts Think

Who's on first? The analysts, again, put utilities in first place. But in two-week performance, these stocks are well toward the bottom of the standings. Meanwhile, market star, consumer durables, sits at the end of the analysts' bench. Investors have been scoring most of the runs, though the analysts may end up winning the game.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.62	1	2
2	Energy	2.75	2	1
3	Capital Goods	2.78	4	4
4	Technology	2.78	3	3
5	Raw materials	2.80	5	6
6	Finance	2.82	6	7
7	Transportation	2.86	7	5
8	Consumer nondurables	2.87	8	8
9	Consumer durables	2.90	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 5/13/83. Prepared by Wilshire Associates, Santa Monica, Calif.

In this market, high-technology companies can provide more thrills than Pac-Man. But what if the game goes against you?

Wired for fun

By Paul Bornstein

THE PUBLIC IS ALWAYS captivated by technology. Tell the world your company deals in electronics, computers or is even remotely connected with video games and investors will beat a path to your door. Especially so these days.

This can lead to lofty P/Es. The DJIA, for example, is now selling at 12.8 times earnings. But Media General's data processing group is selling at an average of 19.6 times earnings and its electronics group is selling at an average of 27.8 times earnings—virtually discounting the hereafter, as the old saying goes.

That is a less spectacular gap than existed at the last market peak in 1981. Then the Dow sold at 8.2 times earnings, vs. 18.2 for electronics and 13 for business data processing companies. So, big premiums for high-tech stocks are nothing new. Especially so in a market that has produced big runups in smokestack issues where earnings are virtually nonexistent and strictly on the come. A good many high-technology issues are cheap by comparison.

The question is: Which high-technology stocks are worth the premium and which are not? All high-technology companies, for example, run the daily risk of losing out in the marketplace if a competitor introduces a better or cheaper semiconductor or memory device.

The following table includes information about some of the more successful high-technology companies with sales between $25 million and $250 million. Some of these companies, perhaps most of them, will eventually falter and fall, but at present they all have positive earnings and growth rates and thus could be less risky than their high P/Es suggest.

The column in the table labeled "P/E relative to 5-year growth rate" indicates market expectations on each firm. A higher figure indicates a greater level of investor optimism. Standard Microsystems, for example, is a manufacturer of microcomputer peripherals and leads the pack with 4,929%. "The company has not rebounded merely because of the expected recovery but because they have introduced one new product per month for the past year and a half and have a portfolio of valuable patents," says Robert Sullivan of Paine Webber.

Another potential winner is Corvus Systems, which introduced the Winchester Disk storage system. It has a new product called Omninet, which links personal computers, and will soon release a new microcomputer storage device. "Due to good management, the company can change just as quickly as the market," says Richard Hasloecher of Butcher and Singer.

Not surprisingly, most of the following firms are selling at or near 52-week highs. Sixty-one sell at a multiple of 26 or more, or at least twice the multiple on the Dow. As a group these stocks are much more volatile than the rest of the market. Tomorrow's Polaroid and Xerox are likely to be among this group of 92 firms. But so is tomorrow's Transitron *(see p. 200).* ■

Born to be wild

These 92 high-tech firms have shown an ability to move fast and to make money. But the market is charging a large premium on most of these highly volatile shares. Over half the firms have betas greater than 1.50. Investors who already have difficulty falling asleep may want to look elsewhere.

Company/business	Price recent	Price 52-week range	Current P/E	P/E relative to 5-yr growth rate	P/E relative to S&P's 500	Beta	Return on equity
Adage/computer equip	52¼	52¼–16	31	70%	156%	1.92	25%
Adams-Russell/electronics	26⅛	27⅞–12	26	92	129	1.60	19
Alpha Industries/electronics	22½	24⅜–10¼	30	107	149	1.39	15
Altos Computer Systems/computer equip	23	39 –19⅜	45	41	224	NA	62
Analog Devices/electronics	27¾	28⅞–11	48	532	238	1.74	13
Analogic/precision instruments	61½	61½–23½	40	135	201	1.83	19
Andrew/telecomm equip	40¼	41½–20	25	84	126	1.02	19
Applied Magnetics/computer equip	31⅛	31½–12½	23	116	115	1.41	17
ARGOSystems/electronics	25	27½–14	32	87	159	NA	25
Atlantic Research/rocket motors, prec instr	55¾	55¾–19½	25	126	125	1.85	20
Augat/electronics	39	40½–20	32	226	158	1.35	24
Automatic Switch/e'ectro-mag control equip	39	40⅞–26	22	242	108	0.70	19

NA: Not available. *Sources: William O'Neil & Co.; FORBES*

Born to be wild

Company/business	Price recent	Price 52-week range	Current P/E	P/E relative to 5-yr growth rate	P/E relative to S&P's 500	Beta	Return on equity
Avantek/electronics	26½	27⅞–11⅞	43	116%	212%	1.45	20%
Aydin/telecomm, computer equip	53¼	54¼–17¼	21	71	103	1.74	26
Burndy/electrical equip	26	26½–15⅝	26	371	129	0.97	20
CPT/computer equip	23⅞	26⅞– 9¼	23	52	113	1.64	22
C3/computer equip	22	22⅜– 8	24	46	120	0.57	24
Calif Microwave/telecomm equip	33¼	34⅛– 9½	36	273	177	1.68	16
Cobe Labs/health care equip	48	48 –20½	16	163	81	1.20	13
Communications Inds/electronics	34	34¼–17¼	32	132	158	1.81	19
Computer & Commun Tech/computer equip	23½	33½– 9⅞	48	184	238	1.97	16
Computer Assoc Intl/computer software	27¼	28¼– 8½	46	27	228	1.57	54
Computer Products/electronics	18	18⅛– 6⅜	37	216	183	1.65	17
Conrac/precision instruments	18⅜	19⅜–11⅝	10	21	52	1.52	7
Corvus Systems/computer equip	19¼	23 –10⅞	45	27	222	1.23	33
Cray Research/computer equip	43¾	49½–20	31	71	154	2.06	16
Cullinet Software/computer software	39⅛	40½–12	53	124	264	2.09	23
Curtiss-Wright/industrial machinery	45¼	52 –32¾	11	26	53	1.36	21
DST Systems/computer software	35½	35¾–24¾	36	41	180	NA	57
Dynatech/precision instruments	33¼	34¼–11½	26	112	128	1.37	23
Dysan/computer equip	26½	27¼–10⅞	48	268	239	1.45	9
Electrospace Systems/electronics	33	33 – 9⅝	48	98	238	1.79	41
Elscint Ltd/precision instruments	24¼	29 – 7¾	26	20	131	1.18	26
Esterline/precision instruments	26½	29⅝–12⅜	28	107	139	1.92	12
Evans & Sutherland Comp/computer equip	42½	50½–19¼	39	88	192	2.04	28
Floating Point Systems/computer equip	33	38⅜–16	26	68	128	1.18	19
John Fluke Mfg/precision instruments	28¼	28⅞–13¼	25	2,478	123	1.15	11
Gandalf Technologies/computer equip	13⅞	22¾–10¼	23	38	115	1.41	29
Gerber Scientific/computer-aided D&M	19⅞	19⅞– 6½	36	301	180	2.93	9
HBO & Co/hospital computer svcs	31¾	32¼–12¾	48	115	239	1.34	29
ISC Sys/computer equip	16⅛	21¼–10¼	49	45	243	1.31	28
Impell/svc to nuclear industry	30¼	30¼–14½	13	36	65	1.80	32
Informatics Gen/computer equip & svcs	29⅞	31¾– 9½	20	24	98	1.99	20
Infotron Systems/computer equip	35½	38 –10	44	337	218	2.28	8
Joslyn Mfg & Supply/electrical equip	28¼	33¼–19	11	32	54	0.90	17
Follmorgen/precision instruments	27⅜	28⅞–15	32	454	158	1.63	18
LTX/precision instruments	16¼	17 – 6⅛	43	89	212	0.63	20
Liebert/computer equip	22	28 –11	31	74	154	1.56	22
Magnetic Controls/telecomm equip	18¾	19 – 8⅜	24	88	118	1.53	13
Management Science Amer/computer software	27¾	28⅜– 9⅜	53	114	265	2.04	24
Matrix Corp/precision instruments	42	43½–15⅝	42	47	211	1.39	20
Matrix Science/electrical equip	27	29½–13¼	22	54	107	1.89	34
Micom Sys/computer equip	41	41¼–11½	45	39	221	1.80	34
Molex/electrical equip	54½	54¾–25½	27	150	134	0.83	24
Moog C1 A/aerospace	17	17¾– 8⅜	33	363	162	1.65	9
National Computer Sys/computer equip	27½	27¾–10¾	21	423	105	1.74	20
Pacific Scientific/precision instruments	33	33⅛– 8	19	94	93	1.82	25
Pansophic Systems/computer software	23¾	25⅛–10	33	92	164	1.17	38
PAR Technology/computer equip	26	29½–19¾	44	51	219	NA	83
Paradyne/computer equip	27⅛	35⅞–15¾	23	32	112	2.23	17
Plantronics/electronics	18	27½–15¼	13	254	63	1.08	14
Printronix/microcomputer prntrs	27½	34 –17	18	63	91	1.90	18
Regency Electronics/electronics	27	27½– 7¾	27	303	136	1.50	13
SCI Systems/electronics	46¾	47¾–12⅛	47	134	232	2.63	15
SEI/bank computer svcs	32¼	32¼–10⅝	42	144	208	1.70	17
Scitex Ltd/computer equip	24¼	27½– 8¾	30	272	149	1.42	16
Shared Medical Sys/hosp computer svcs	37⅜	37⅜–13¾	40	173	198	1.39	30
Simmonds Precision Prods/precision instr	38½	39⅞–12½	16	160	80	2.09	20
Sparton Corp/electronics	35½	36⅞–11¼	12	40	60	1.31	15
Standard Microsystems/electronics	26⅛	26¼– 7⅞	49	4,929	245	1.88	5
Systematics Inc/bank computer svcs	40¼	44¼–18¾	46	110	230	0.88	25
TIE Communications/telecomm equip	57¼	59 –14⅛	42	54	208	2.27	25
TRE/aerospace	34	35⅛–12	33	1,111	166	1.87	6
Tandon/computer equip	24¾	25⅛– 6	49	55	241	2.14	25
Tech-Sym/electronics	22⅜	22⅞– 7⅞	27	104	134	2.11	18
Telecom Plus Intl/telecomm equip	26¾	31 –11	37	57	182	1.30	13
Teleflex/precision instruments	37⅛	37¾–16⅛	21	65	106	1.72	26

NA: Not available. *Sources: William O'Neil & Co. Forbes*

Born to be wild

Company/business	Price: recent	Price: 52-week range	Current P/E	P/E relative to: 5-yr growth rate	P/E relative to: S&P's 500	Beta	Return on equity
TERA/computer equip	31	31 –12¾	39	93%	195%	NA	40%
Texscan/electronics	23¼	26 – 9¾	28	47	139	1.98	17
Thermo Electron/indl machinery & instrs	28½	30¾–11⅜	48	1,188	236	1.60	12
Timeplex/computer equip & svcs	22¾	25½– 6¼	49	275	246	2.52	6
TransTechnology/aerospace	20¼	20½– 8⅛	14	33	70	1.64	22
Triad Sys/computer equip	23½	27¼– 9½	49	213	243	2.37	8
Ultimate/computer equip	23¼	24⅛– 6¼	34	22	167	1.85	40
Unitrode/electronics	55¼	55¼–24¾	25	101	126	1.51	22
Universal Comm Sys/telecomm equip	18¼	19 –13⅝	37	91	181	1.42	16
Veeco Instruments/precision instruments	29¼	30¼– 9⅛	32	1,078	161	2.36	15
Vernitron/electrical equip	16½	16⅞– 7¼	17	139	83	1.94	18
Watkins-Johnson/electronics	75¼	76 –30	22	103	108	1.45	14
Western Pacific Ind/precision instruments	70	70 –50½	14	706	70	0.87	29
Whitehall/precision instruments, aerospace	50½	50½–15½	20	37	98	1.85	38
XEBEC/computer equip	28	28¼–20	38	126	188	NA	70

NA: Not available

Sources: William O'Neil & Co.; FORBES

The Funds

Long-term performance is important in choosing a mutual fund. But not if the guy who made that record is lazing on a beach.

Know the men behind the numbers

By Barbara Rudolph

MONEY MAY BE ROLLING into mutual funds these days, but the sales pitch is the same as always: "Come on, poor investor, you don't have the expertise or the energy to pick stocks. Let our wisdom work for you."

Behind the salesman's patter, however, is this cold reality: When you buy shares in a mutual fund, you are buying the judgment of the manager running the portfolio. Ten-year track records are well and good, but not if the clever fellow who bought and sold the stocks is now lazing on a beach.

Identifying a portfolio manager isn't always easy. A prospectus must name the fund's officers, but not necessarily the individual who makes investment decisions. And even when the manager is designated, if he quits or retires, the departure often isn't acknowledged in a quarterly report. "The industry has resisted this disclosure because it implies that the fund turns on one guy," says one fund manager—anonymously, of course.

But many of the best funds really are one-man shows. Consider the classic case of Emory deVegh. His funds were top-notch performers in the Fifties and until he died in the early Sixties. They have been also-rans ever since. Much the same with the Over-the-Counter Securities Fund, which was well regarded in the late 1970s and has only kept up with the competition since manager Ralph Coleman died suddenly, two years ago.

Sometimes a good track record can lead to job offers and leave shareholders to evaluate brand-new investment managers. There have been at least two notable moves during this bull market: Take Philip Hempleman, who ran the hot Oppenheimer Target Fund, a capital appreciation fund that was introduced in January 1981. It rang up an

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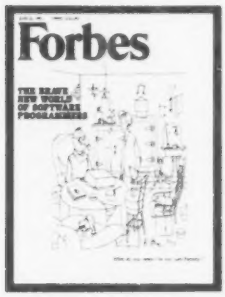
"What do you mean I'm not 'user-friendly'?"

June 20, 1983
Volume 131,
Number 13



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As if the Social Security Administration didn't have enough to worry about.

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Is Silicon Valley really the nation's most fertile ground for high-technology development? Not exactly.

not only for today, but next year as well.

"In addition, we're willing to give utilities greater flexibility through a flat monthly fee, plus a fixed transportation charge per ton of coal moved, regardless of where they buy their coal on Conrail."

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"You could have the most competitive rate and it wouldn't mean a darned thing nowadays if you didn't have the most timely data processing information available to tell you where your car is at any time, and any place on our system. You get them both with Conrail.

"You also get a completely computerized system designed to control car supply based on your forecasts of your needs. As a result, when you call your local car reservation clerk, you're sure to get your car when you want it, where you want it.

"Furthermore, our marketing experts can use our extensive information system to quickly analyze various rate, equipment and service combinations and give you the information you need to respond to today's rapidly changing marketplace."

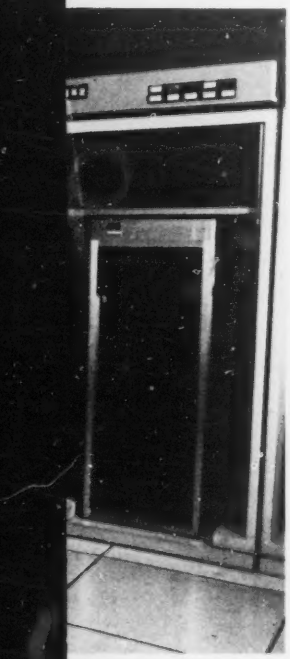
"Our labor unions are helping us to be more competitive."

"We've entered into a new era of cooperation with our labor unions. They have given us the kind of flexibility that leads to great service, such as Conrail's new Mini-train for General Motors.

"GM required overnight service from Kalamazoo, Mich., where auto parts are consolidated, to Fisher Body and Oldsmobile in Lansing, 118 miles away. To eliminate stocking inventory at the plant, GM required that the parts be delivered "just in time" for the first morning shift—not early, not late.

"Auto parts that once moved by truck are now handled by Conrail *overnight*.

"One very big reason behind our ability to adapt to the needs of GM, in addition to our price and service package, is an agreement by Conrail's labor unions to improve productivity on the Mini-train by eliminating a crew change stop. Productivity improvements such as this are the key to making us more competitive in today's deregulated marketplace."



Kalamazoo, 6 p.m.: *Conrail Mini-train leaves for Lansing with auto parts needed by GM for next day's auto production.*

Lansing, 6 a.m.: *Monday through Friday, parts shipped overnight by Conrail Mini-train already placed on GM's dock before start of first shift.*

"For the second year in a row, Conrail has been profitable."

"Conrail showed a $39 million operating profit in 1982. This financial performance, I'm pleased to say, is even better than our 1981 record, which was one of the most dramatic improvements in American corporate history!

"REASON: Conrail can now make price and cost decisions like any other business—and do it in a rapidly changing economy.

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"At Conrail, we have a modern freight transportation system that is second to none."

"If you have a problem, please write to me."

"Last year, we promised you competitive prices, innovative service and on-time delivery. What you just read demonstrates how seriously we took our commitment. And I promise you more of the same this year. But if we ever fail to live up to this promise, I want to know about it *personally*.

"Write to me at 6 Penn Center Plaza, Room 1040C, Philadelphia, PA 19104.

"I'm fighting to get your business—and I'll fight to *keep* it."

L. Stanley Crane

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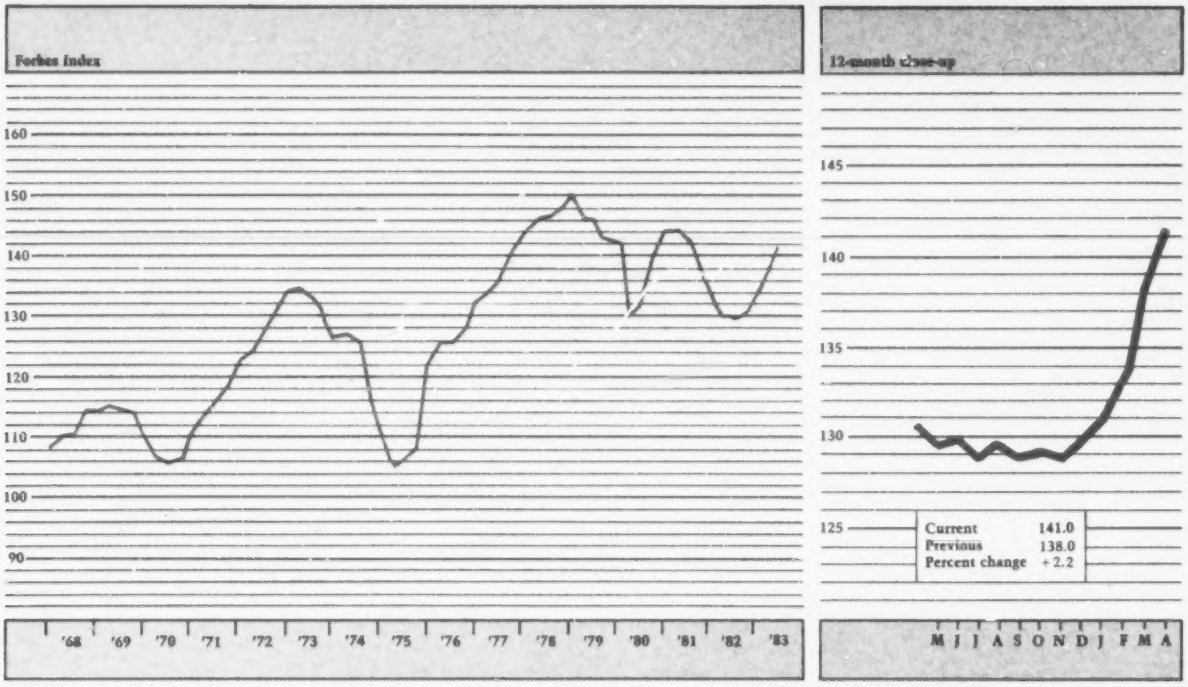
The Forbes Index



Moving up. The Forbes Index posted an impressive 2.2% rise, matching a similar increase in the previous reporting period.

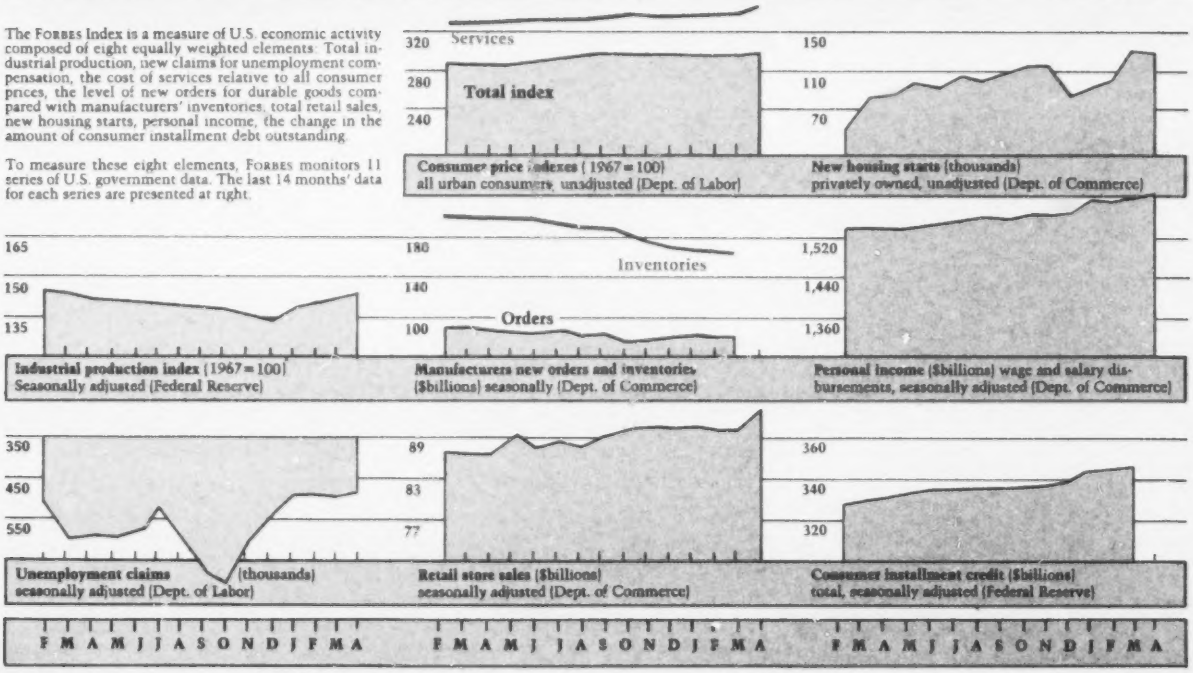
The willingness of consumers to spend was a major reason for the increase. Consumers have money in their pockets because personal income was up 0.8% in April, following a 0.6% jump in March. At the same time, initial unemployment claims dropped 2.0% in April, compared with a 1.4% rise the previous month.

Inflation remains under control. The Consumer Price Index rose 0.7% during the latest reporting period, but much of that is attributable to a new gasoline tax. The service sector index increased 0.5% against a 0.1% rise a month earlier. New housing starts were off slightly. The 1.7% dip is deceiving, however, because it follows the unusually high increases in the first quarter of the year.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



Everyone wants a piece of the overnight courier business—even Purolator, the biggest competitor of all.

Attack of the invisible giant

By Jeff Blyskal

WHAT'S WRONG with this picture? Three men carrying red, blue and purple parcels are running a footrace in the desert. Suddenly, number three breaks ahead of number two. Airborne Freight, we are told, has just passed Emery in the overnight air express race. Federal Express remains number one.

Missing is a courier from Purolator—a low-profile, New Jersey-based company that may be more familiar to your auto mechanic than to your broker. Fifteen years ago it only manufactured filters for motor vehicles, but now Purolator also moves at least 50% more express delivery packages door-to-door than anyone else.

In 1982 three-fourths of Purolator's $750 million in sales and $68 million in operating profit came from courier and armored car services. Purolator's 25% return on equity just tops Federal Express'. Federal's dollar sales are bigger and have grown faster, but Purolator is working to close the gap.

Last February the company moved more aggressively into document transportation by introducing its 2-ounce PuroLetter and by transforming its Hiway Pak and Sky Pak into the 2-pound PuroPak. This is in large part the work of William Waltrip, who left Pan American for Purolator last July. At 45, he is heir apparent to 67-year-old Frederick Cook, who has been chairman since 1982. Waltrip, known as a gregarious, effective executive at Pan Am, brings a fresh competitive spirit to Purolator.

Nowhere is this more evident than in documents. As of Mar. 1, Purolator was moving 6,000 PuroLetters a night (one-seventh of Federal's letter volume) and an estimated 32,000 PuroPaks (half of Federal's similar overnight envelope volume). Outsiders expect the company's document business to double by next year.

A Purolator courier and Chief Executive William Waltrip
Why fly when you can drive?

4,368,466 – DISPLAY REFRESH MEMORY WITH VARIABLE LINE START ADDRESSING – 1/11/83

4,368,220 – PASSIVATION OF RIE PATTERNED AL-BASED ALLOY FILMS BY ETCHING TO REMOVE CONTAMINANTS AND SURFACE OXIDE FOLLOWED BY OXIDATION – 1/11/83

4,367,947 – DOCUMENT FEE MOVING BED MACHINES SU COPIERS – 1/11/83

4,367,549 – METHOD AND A FOR MULTIPLEXING A DAT AND SECONDARY SIGNALS

4,367,503 – HERMETICALLY DISK FILE – 1/4/83

4,367,119 – PLANAR MULTI-L METAL PROCESS WITH BU STOP – 1/4/83

4,367,052 – FLAT RATE SPRI PARTICULARLY ADAPTED TYPEWRITER CARTRIDGE

4,367,044 – SITU RATE AND MONITOR FOR SILICON ETCHING – 1/4/83

4,366,613 – METHOD OF FA AN MOS DYNAMIC RAM WI DOPED DRAIN – 1/4/83

4,366,540 – CYCLE CONTRO MICROPROCESSOR WITH MULTI-SPEED CONTROL STORES – 12/28/82

4,366,537 – AUTHORIZATIO MECHANISM FOR TRANSFE PROGRAM CONTROL OR BETWEEN DIFFERENT AD SPACES H G DIFFEREN PROTECT YS – 12/28/82

4,366,518 – MULTI-TRACK H ASSEMBLY – 12/28/82

4,366,493 – SEMICONDUCTO BALLISTIC TRANSPORT DEVICE – 12/28/82

4,365,779 – TILT AND ROTAT APPARATUS A DISPLA MONITOR – 12/ 82

4,365,318 – TWO-SPEED RECIRCULATING MEMORY USING PARTIALLY GOOD COMPONENTS – 12/21/82

4,365,317 – SUPERCONDUCT CIRCUIT – 12/21/82

4,365,296 – SYSTEM FOR CONTROLLING THE DURA THE TIME INTERVAL BETW BLOCKS OF DATA IN A CO TO-COMPUTER COMMUNI SYSTEM – 12/21/82

4,365,235 – CHINESE/KANJI RECOGNITION SYSTEM – 12

4,365,163 – PATTERN INSPE TOOL – METHOD AND APPARATUS – 12/21/82

4,364,683 – PAPER FEED RO ASSEMBLY FOR A TYPEWR PRINTER – 12/21/82

4,364,166 – SEMICONDUCTO INTEGRATED CIRCUIT INTERCONNECTIONS – 12/

4,364,100 – MULTI-LAYERED METALLIZED SILICON MAT SUBSTRATE – 12/14/82

4,364,074 – V-MOS DEVICE WITH SELF-ALIGNED MULTIPLE ELECTRODES – 12/14/82

4,364,024 – SIGNATURE PRESENTATION METHOD AND APPARATUS – 12/14/82

4,363,989 – HETEROFULVALENE GEMINAL DITHIOLATE COMPOUNDS AND THEIR SELENIUM AND TELLURIUM ANALOGS AND A METHOD OF FABRICATING THE SAME – 12/14/82

4,363,828 – METHOD FOR DEPOSITING SILICON FILMS AND RELATED MATERIALS BY A GLOW DISCHARGE

4,363,549 – ELECTROMECHANICALLY OPERATED FUSER ROLL CLOSURE – 12/14/82

4,363,125 – MEMORY READBACK CHECK METHOD AND APPARATUS – 12/7/82

4,363,124 – RECIRCULATING LOOP MEMORY ARRAY TESTER – 12/7/82

4,363,110 – NON-VOLATILE DYNAMIC RAM CELL – 12/7/82

4,363,093 – PROCESSOR INTERCOMMUNICATION SYSTEM – 12/7/82

4,363,044 – TRAY FOR MAGNETIC DISK DRIVE MACHINE – 12/7/82

4,362,977 – METHOD AND APPARATUS FOR CALIBRATING A ROBOT TO COMPENSATE FOR INACCURACY OF THE ROBOT – 12/7/82

4,362,843 – PROCESS FOR PRODUCING A POLYMERIZED, HEAT-RESISTANT LACQUER – 12/7/82

4,362,798 – HYDRAZONE AND PYRAZOLINE OR ACETOSOL YELLOW CONTAINING CHARGE TRANSPORT LAYER PHOTOCONDUCTOR AND ELECTROPHOTOGRAPHIC PROCESS

AND THEIR SELENIUM AND TELLURIUM ANALOGS AND A METHOD OF FABRICATING THE SAME – 12/7/82

4,362,611 – QUADRUPOLE R.F. SPUTTERING SYSTEM HAVING AN ANODE/CATHODE SHIELD AND A FLOATING TARGET SHIELD – 12/7/82

U.S. Patent 4,382,286 was one of four issued to IBM on Tuesday, May 3. This invention reduces the time for transmitting an image from a computer's central processing unit to its display unit.

But as the latest addition to this partial list of IBM achievements in technology and science, it represents something larger: the creativity of IBM inventors.

Over the last 25 years, they've been granted more than 11,000 patents.

Their innovations and discoveries helped IBM make contributions to all aspects of the information processing industry—from typewriters to our largest computers.

For instance, our most advanced disk file transfers data at 3 million characters per second, the fastest rate available in a production unit. Our experimental 288,000-bit memory chip has the largest capacity yet reported for a chip produced on a manufacturing line. And the circuit packaging in our larger computers is the densest in the industry.

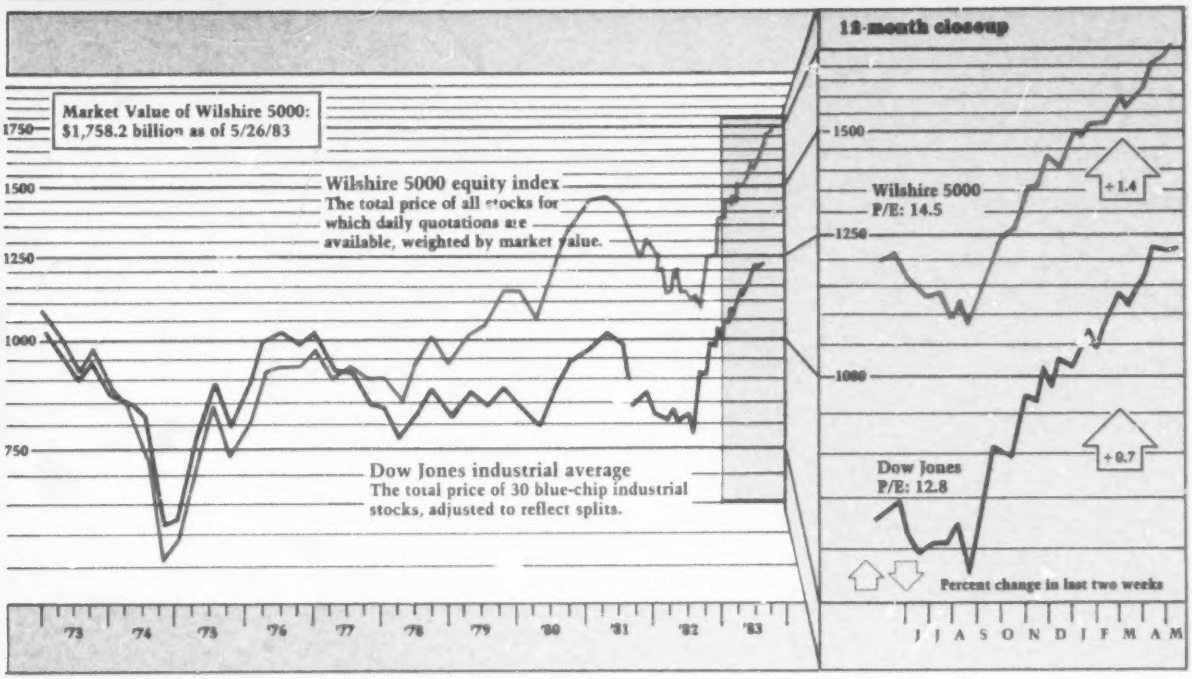
Each achievement, no matter how small (or how large), contributes to making IBM products faster, less expensive, easier to use and more reliable.

It's all part of IBM's worldwide commitment to research and development.

And that's the patent truth.

IBM

The Forbes/Wilshire 5000 Review



When will it stop? Trading volume has begun to pick up strength. Despite the increasing activity, however, the Dow stayed virtually flat over the last four weeks. With the shares of many mature blue chip firms already pushed to high levels and Uncle Sam waiting in the wings for his share of capital gains, many investors are risking some of their newfound profits in "concept" stocks. Low-priced shares, perhaps because of their inherent leverage, have become big favorites: Over the last four weeks issues trading below $4 gained 18.1%, while their higher-priced counterparts advanced 4.4%. Small firms, up 18.5%, high-growth companies, up 16.3%, and high volatility issues, up 14.9%, were also in vogue.

The major indexes reflect Wall Street's speculative atmosphere. During the last month the Dow industrials gained only 0.3%, and the NYSE was up 2.3%. NASDAQ and Amex issues, meanwhile, advanced 7.1% and 9.5%, respectively. The Wilshire index—including almost 5,000 securities for which price quotes are available—shows that the market as a whole moved ahead 3.2%. This translates into an increase in market value of more than $70 billion. And the P/E of the Wilshire, now 14.5, is at its highest level since FORBES began tracking this figure late last year.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.2	1.5	0.3	2.3	9.5	7.1
in last 52 weeks	51.1	46.2	48.3	47.5	74.4	74.6

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	4.4	18.5	14.9	5.8	12.7	13.4	4.7	14.6	16.3	4.1	4.4	18.1
in last 52 weeks	54.0	140.7	133.9	57.0	96.4	144.6	49.1	143.9	146.9	58.3	67.1	131.3

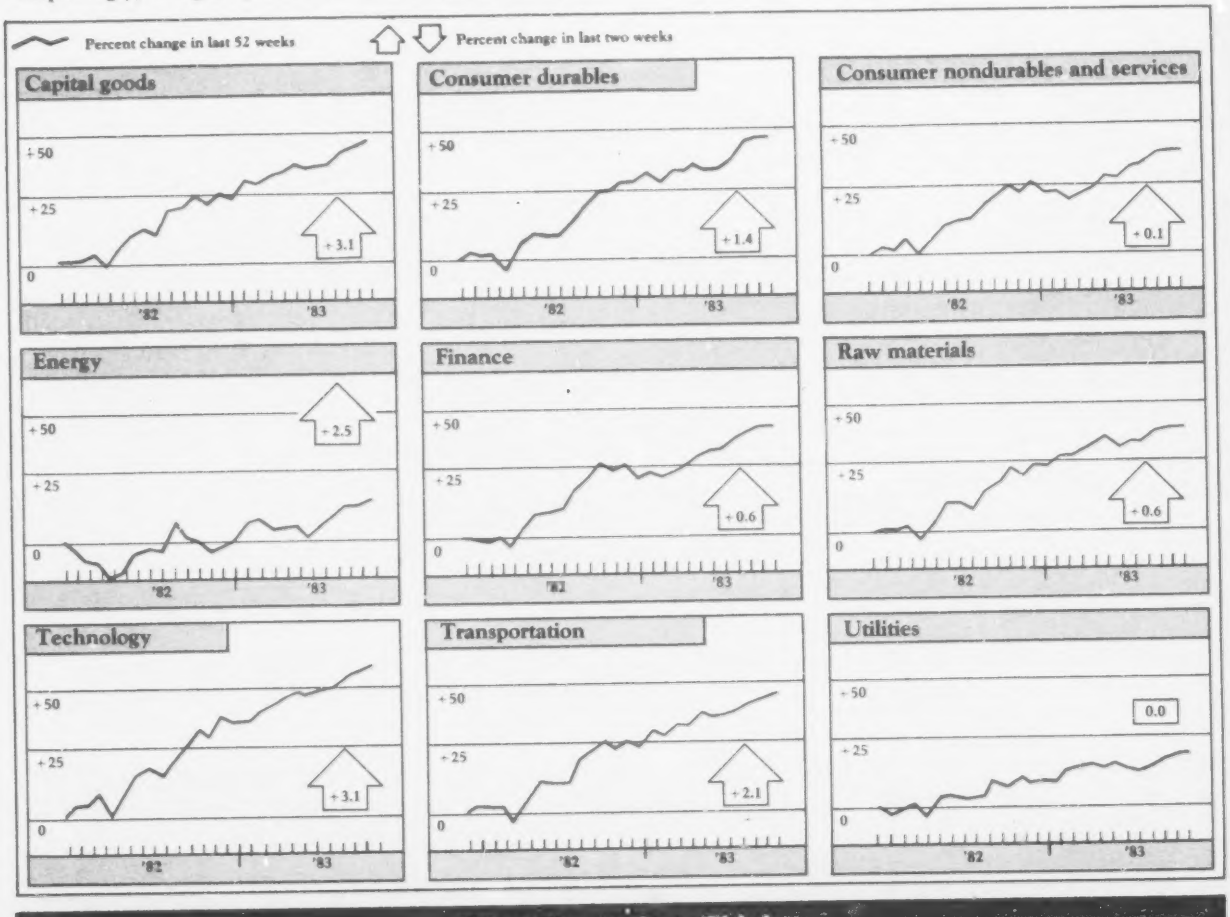
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 5/26/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

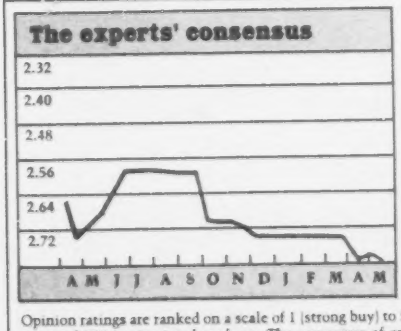
Emotional rescue. Investors kept betting on a recovery by buying into capital goods, transportation, energy, consumer durables and technology. But the strength of the oils was even more impressive. During the last two weeks they advanced 2.5%. This gain was undoubtedly supported by Diamond Shamrock's tender offer for Natomas. Not surprisingly, merger speculation also helped push up a number of other energy issues. Once again investors got a reminder of the potential undervaluation of this group—especially compared with the rest of the market.

The strongest groups were capital goods and technology. Technology stocks also show the greatest 52-week gain, 87.7%, whereas energy issues lag with only a 17.3% advance.



What The Analysts Think

Standing by their guns. It has been more than four weeks since there has been a change in analyst buy/sell rankings of the nine Wilshire sectors. The analysts' top choice—utilities—has been a market laggard since early March. But third- and fourth-ranked capital goods and technology led the market during the last two weeks.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.63	1	1
2	Energy	2.73	2	2
3	Capital Goods	2.78	3	4
4	Technology	2.79	4	3
5	Raw materials	2.79	5	5
6	Finance	2.82	6	6
7	Transportation	2.86	7	7
8	Consumer nondurables	2.87	8	8
9	Consumer durables	2.92	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 5/26/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Take a struggling firm, dilute future earnings by offering millions of new shares, and what happens? The stock shoots upward.

Do you believe in magic?

By Paul Bornstein

On Feb. 25, Chrysler registered an offering of 10 million new shares and the market didn't even flinch. On the contrary, Chrysler stock went from 14⅞ the day after registration to 16⅝ on the offering date. Not only that, the demand was so great that the firm unloaded 26 million rather than the 10 million shares originally announced. Four weeks later Chrysler was up almost 55%.

American Motors turned the same trick. An enlarged offering on Apr. 12 was quickly sold out at 5⅞. AMC's total offering diluted the stock by 44% and The Street doesn't expect the company to return to profitability until 1985. Despite that fact, four weeks later the stock was ahead almost 79%.

Traditionally, mere word of a large new equity financing is enough to depress a stock (the new supply overhangs the market), even though the proceeds from the offering are often used to pay off debt or finance new projects. But in this emotion-filled bull market, tradition—bearish tradition, anyway—doesn't hold.

Forbes found 57 companies that used public offerings in March or April to increase their shares outstanding by 10% or more. The first group in the table below shows ten firms with the greatest upward movement four weeks after the offering date.

Altogether, about half of the 57 were at higher prices on offering day than they were on the day they registered their new issue (roughly when it becomes public knowledge). It is true that many did fall briefly the next market day, but the majority quickly recovered from there. Seventeen actually rose the next day on the news.

The second group shows how strong even the stocks that did decline were after the offering. The top five gainers are listed.

The last column in the table, "Movement relative to S&P's 500," relates stock price to market from the day after registration to four weeks after the offering. You can see how enthusiastically investors received the news that big, fresh supplies of shares were around. Health services firm Comprehensive Care, the champ in this category, outperformed the S&P's 500 by an 18.5-to-1 margin.

With this kind of frenzy in the secondary-issue marketplace, it is not hard to see why more and more firms are jumping in. Would cash-hungry Ford be far behind AMC or Chrysler if you were in charge? ■

Another bull story

Of the 15 stocks below, 14 were in such demand that they outperformed the S&P's 500 by a wide margin despite significant dilution from new equity offerings. The average relative gain was 5.4-to-1. Note that the first 10 issues even showed gains from the day after registration to the day of the public offering.

Company	Business	Date common registered	Date common offered	Common stock price: day after registration	Common stock price: at offering	Common stock price: 4 weeks after offering	% change from offering date	Shares offered (thousands)	Existent stock dilution	Movement relative to S&P's 500*
Group I										
American Motors	automotive	3/23	4/12	5⅞	5⅞	10½	78.7%	24,785	44%	9.5
Chrysler	automotive	2/25	3/29	14⅞	16⅝	25¾	54.9	26,000	33	7.9
Applied Materials	semicond equip	3/31	4/8	29¾	30¼	39¾	31.4	560	10	3.8
North Atl Inds	electronics	3/21	4/12	12⅛	14	17⅞	27.7	375	21	4.4
Airborne Freight	freight forwarding	3/31	4/15	19¼	20⅛	25¼	25.5	900	19	3.4
Dayton Malleable	metal casting	3/28	4/21	24	26¼	32¾	24.8	1,300	67	5.3
Telesphere Intl	hotel phone acct sys	3/31	4/20	15⅛	15¾	19½	23.8	2,000	26	4.1
Orion Pictures	entertainment	2/9	3/31	18¼	19½	24	23.1	2,000	29	3.0
Standard Logic	computer equip	2/7	3/24	4⅜	5	6⅛	22.5	1,250	36	3.9
Genetic Systems	medical research	3/11	4/7	9¾	9⅞	12	21.5	2,220	16	2.6
Group II										
Manage Sci Am	computer software	3/30	4/14	23	21	29¼	41.7	2,500	18	4.0
CompCare	health care svcs	4/15	4/21	29	28	36½	30.4	1,300	13	18.5
UTL	electronics	3/31	4/20	37	33½	43¼	29.1	450	24	2.4
Lockheed	aerospace	3/18	3/23	97½	95	116½	22.6	3,000	17	3.1
Possis Corp	machinery	3/7	4/19	11¼	8¾	10½	20.0	275	20	neg

*Stock movement from day after registration date to four weeks after offering date, relative to performance of the S&P's 500. neg: negative.

Sources: Wilshire Associates; Standard & Poor's; Forbes.

NOTE

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JULY 4, 1983 THREE DOLLARS

Forbes

SPECIAL REPORT ON INTERNATIONAL BUSINESS

INDUSTRIAL LEADERSHIP

CAN EUROPE CLOSE THE GAP?

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craig b slachman

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Number 1

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8, Karen Halverson; 10, Bettmann Archive; 14, 140 top, Robin Laurence; 39, Armen Kachaturian; 45, Michael Abramson; 46, John Chang McCurdy; 52, Rob Lewine; 56, Joe McNally/Camera 5; 60, 64, William Strode/Black Star; 64 inset, Terri Parke; 68, Gary Chapman; 69, Joyce Ravid; 72, Lynn Johnson/Black Star; 74, 139 top, Wm. Franklin McMahon; 76, P. Van Riel/Gamma Liaison; 80, Leonard Freed/Magnum; 82 top, Diego Goldberg/Sygma; 82 bottom, Alan Nogues/Sygma; 137 bottom, Mike Borum/Black Star; 137 top, Bill Kelly; 138, Jim Pozarik; 139 bottom, Peter Tenzer; 140 bottom, Joe Traver/Liaison; 142, Sheldon Moskowitz; 147, Frank Armstrong; 150, 151, 152, 154, Frank Fournier/Contact

Illustrations:
6, 41, 84, 85, 86, 90, 170, 174, Chas. B. Slackman; 97 top, 84 top, 101, Richard Sparks; 84, 85, 86, 90, 92, Bob Conrad; 144 William Bevington; 156, Seymour Chwast; 161, Tim Lewis

Cover Illustration: Chas. B. Slackman

Forbes (ISSN 0015 6914) is published bi-weekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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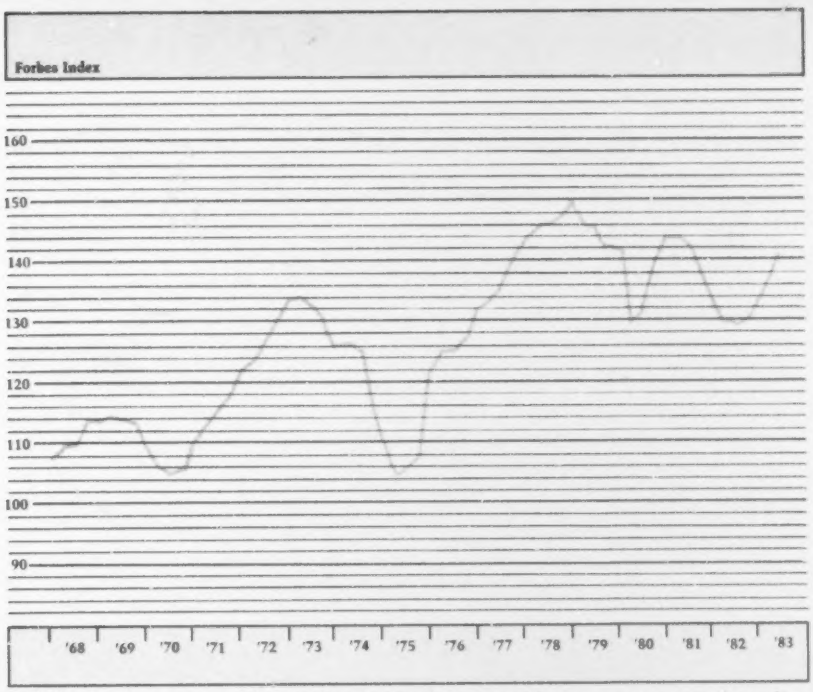
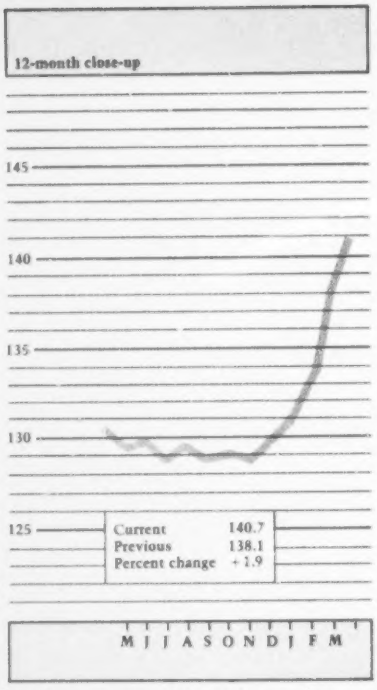
The Forbes Index





Gaining momentum. The Forbes Index has posted yet another increase. This time the Index rose 1.9%. That's slightly less than the 2.1% gain registered during the previous reporting period, but strong, nonetheless.

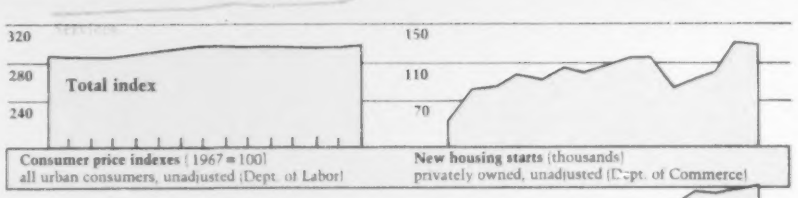
Manufacturers' new orders provided most of the good news. They jumped 3.8%, compared with a 2.4% rise in March. This is the highest level manufacturers' new orders have hit in almost two years. Manufacturers' inventories, on the other hand, were up 0.3%. This indicates that recent inventory liquidations are over.

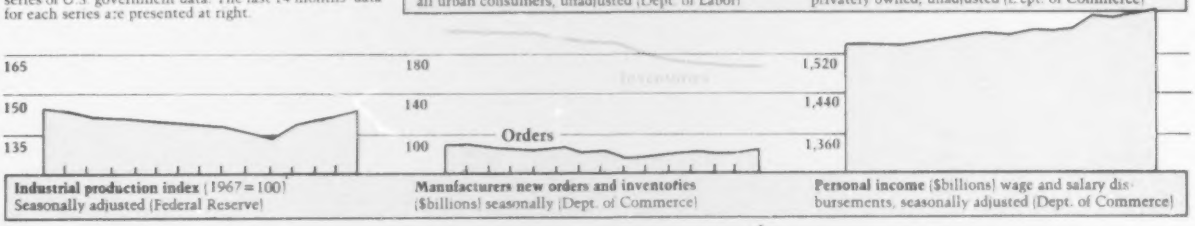
Now that consumers are starting to spend, manufacturers can be expected to increase new orders to meet growing demand. That, in turn, should help the recovery gain strength as the year wears on. Clues to the length and strength of the recovery will become visible over the next several weeks as key economic numbers are released.

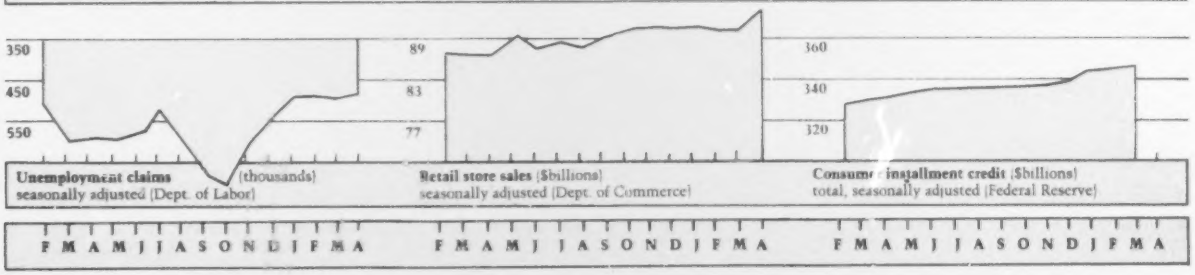
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.







Do gloomy times for Japan's innovative trading companies indicate a long-looked-for slowing of its commercial success? Don't be absurd.

Outward bound

By Kathleen K. Wiegner

JAPAN'S MULTITALENTED trading companies, leading edge of Japanese trade expansion since Commodore Perry sailed into Tokyo Bay in 1853, are encountering rough seas. Profits are way off for such familiar names as Mitsubishi Corp. and C. Itoh & Co. And venerable Mitsui & Co. last year reported its first loss in 35 years.

Cause of the trouble? Basically, the results of an unwelcoming world challenging further growth of Japan's exports. And it's more than a sudden squall. President Yohei Mimura of Mitsubishi—the largest of the nine major trading companies or *sogo shosha (see table)*—told the Foreign Correspondents Club in Tokyo last year that "changes in Japan, and in the world economy as a whole, have had a profound impact on the functions and operations of the integrated trading company, especially over the past several years."

These are important companies. Taken together, the nine traders' volume last year came to around $368 billion, some 30% of Japan's gross national product. Their troubles are a cause for concern in Tokyo. But lest Japan's trade competitors console themselves, as they so frequently do, with fuzzy notions that the island nation's economic prowess is peaking, they should remember that for every challenge there is a response. And the trading companies have lost none of the adaptability that has seen them through other crises over the past hundred years.

To be sure, the gloom of the moment is real. Takashi Sakai, Los Ange-

A $130 million power plant under construction in Queensland, Australia. The general contractor? The traders at C. Itoh.
When adversity comes, become a true multinational.

les-based senior vice president of C. Itoh & Co. (America), plucks a book from a stack of Japanese bestsellers on his desk: "This one is called *The Era of Winter*," he says, "and is about the trading companies. It is very pessimistic. No spring expected."

Recent shifts in Japan's business have all been adverse to the companies. Whereas years ago the traders were responsible for Japan's direct foreign investments—securing supplies for home industry through such large-scale developments as coal mines, pulp mills and petrochemical plants—recent foreign investment has been by Japanese manufacturers worried about protectionism. "If manufacturers make a direct investment, they won't need the trading companies," says Sakai.

The traders' old standbys—steel, aluminum and petrochemicals—are being phased out of Japan's export plans. And, increasingly, even those manufacturers who export are going directly to the market with their own sales organizations. Few exports of autos, television sets, stereos, watches or cameras are handled any longer by the trading companies. In the high-growth, high-technology industries, the general traders have been bypassed, as they often lacked the understanding required to sell and provide service for goods like computers or telecommunications equipment.

Meanwhile, the trading companies' expenses—as with all service companies their main asset is skilled manpower—continue to increase. It's the other side of lifetime employment—a blessing when a company can retain a man it takes ten years to train, but a source of hard-to-dismiss overhead when business volumes drop.

So how are the trading companies seeking to overcome adversity? They are becoming Japan's first true multinationals. In 1980 U.S.-based subsidiaries of the *sogo shosha* handled exports from the U.S. valued at over $22 billion, an estimated 10% of worldwide U.S. exports. Around 25% of those exports went to countries other than Japan. Mitsui, for example, exports U.S. grain to Europe. The U.S. subsidiary of Nissho Iwai arranges for the manufacture of Nike athletic shoes in Korea and Taiwan and also handles letters of credit and customs clearance for the Beaverton, Ore. manufacturer. C. Itoh is the general contractor for a $130 million power plant rising in Queensland, Australia. Itoh, too, with 24 subsidiaries and affiliates in the U.S., imports and distributes Mazda and Isuzu automobiles, exports Beechcraft airplanes and manufactures chain link fence in California and pipe in Michigan. In 1982 C. Itoh did $7.6 billion in the U.S. and contributed $701 million to the U.S. balance of payments.

The traders are stressing third-country deals that do not involve Japan—U.S. power plant equipment exported to the Philippines, for example, or Canadian pulp to Europe. The traders are also expanding their direct overseas investment, in part to assure more of these third-country deals: When a trader invests in a hydroelectric project in Indonesia, Pertamina, the government-owned oil company, looks favorably on that trader when he comes looking for oil. In addition, such direct investments may produce dividends if the venture is profitable, helping to offset break-even general trading activity.

The companies are also becoming more substantive, often majority equity partners in manufacturing, natural resource development and service projects abroad. Mitsubishi is a partner with Royal Dutch/Shell and the Brunei government in an LNG plant in Brunei. Mitsui owns 45% of Alumax. Joint ventures are also formed for specific products, as in the case of Mitsui and Allied Group, which have such a venture to sell electricity-conducting alloy in Asia.

But high technology is where future growth is, so the traders have been trying to change from being knowledgeable only about commodities to understanding computers as well. Nissho Iwai Corp. has a tie-up with the U.K.'s Monotech Laboratories to introduce the company's biotechnology research to Japanese concerns. Kanematsu-Gosho has taken a different tack. Last year it formed a joint venture with ComputerLand to help the U.S.-based computer retailer set up stores in Japan. Kanematsu-Gosho puts up 50% of the financing and gets 50% of the profits. This year, with IBM Japan, it formed Nippon Office Systems, to handle office equipment, including the IBM personal computer. Kanematsu-Gosho has a 65% stake in this venture.

In the U.S., Sumitomo Corp. and C. Itoh have set up subsidiaries to market and sell computers and computer-related gear under their own company names. Sumicom, based in Tustin, Calif., recently introduced a 16-bit personal computer built for the company by Matsushita in Japan. "Our value added," says Walter Schramm, general manager of Sumicom, "is to add the applications software and provide sales, service and marketing." Schramm says he will be looking at more products to add to the Sumicom line—and not only Japanese products.

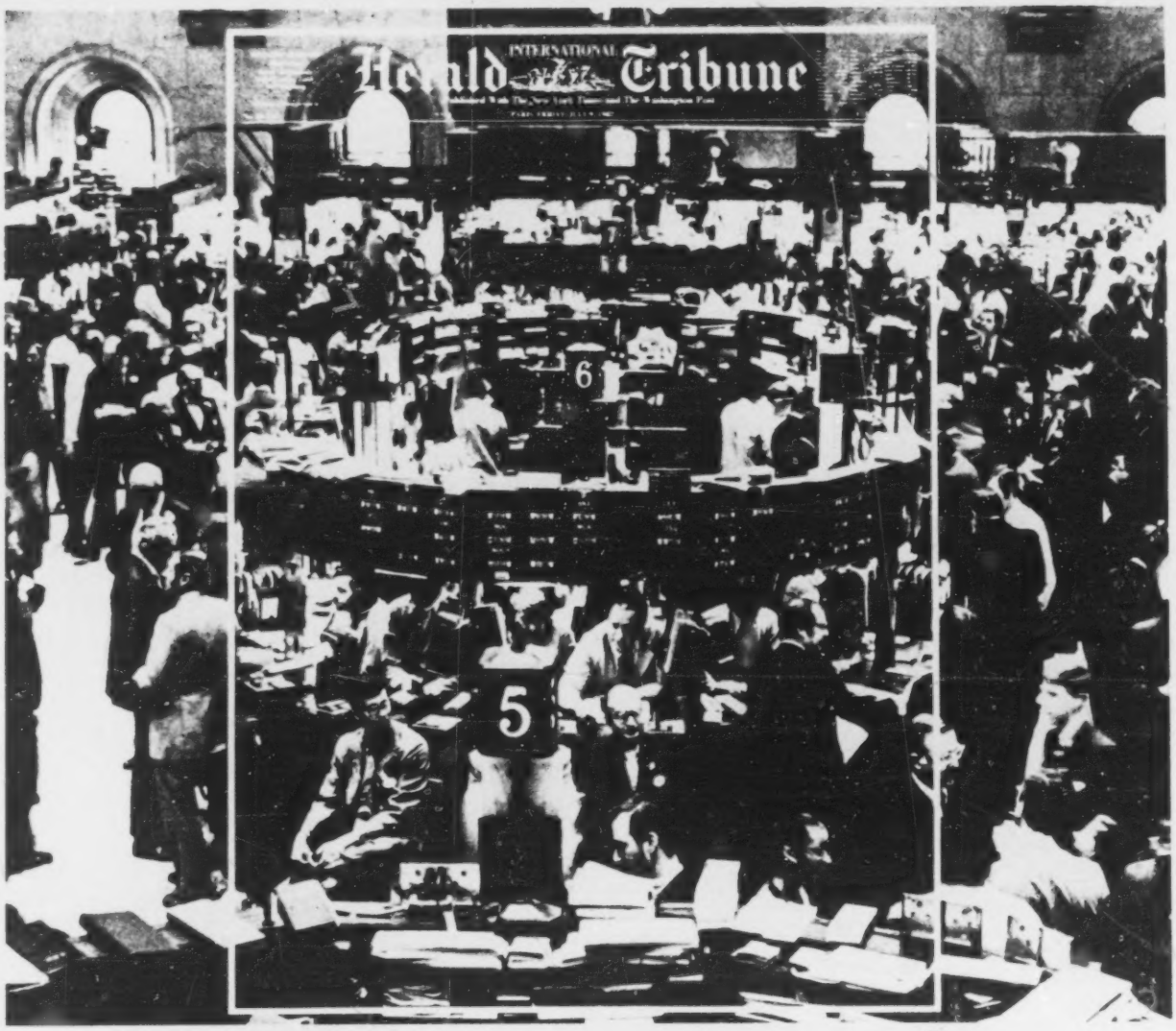
C. Itoh Electronics, based in Los Angeles, began by handling small printers, disk drives, computer monitors and keyboards. Apple, for example, used a C. Itoh printer when it showed its new Lisa computer last winter. "The goal was to do things differently than the typical *sogo shosha*," says Vice President Robert Cowan. "So we launched an effort to develop our own products to match the requirements of this market." C. Itoh's printers may be made in Japan, but everything else is done here in the U.S. "We aim to be a manufacturing and marketing company," says C. Itoh (America) President Shigeru Goto, "but without manufacturing facilities. Originally, we concentrated on marketing the good products of other manufacturers. Now why not use their manufacturing facilities for products we design?"

Japan's big nine

For the general traders, whose money is made moving huge volumes with razor-thin margins, lack of growth can be painful in the extreme. Profitability can vary widely because thin margins, coupled with high fixed costs (85% to 90% of annual expenses), make them extremely vulnerable to even slight declines in volume or any miscalculation on expensive large-scale projects.

Company	Sales (as of March 1982)	Profits
Mitsubishi Corp	$67 billion	$96 million
Mitsui & Co Ltd	60 billion	69 million (loss)
C Itoh & Co Ltd	56 billion	23 million
Marubeni Corp	52 billion	24 million
Sumitomo Corp	50 billion	71 million
Nissho Iwai Co Ltd	34 billion	26 million
Toyo Menka Kaisha Ltd	17 billion	8 million
Kanematsu-Gosho Ltd	15 billion	527,000
Nichimen Co Ltd	13 billion	7 million

Conversion: 220 yen to the dollar. *Source: Japan Company Handbook 1983*



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The year the tide went out

Last year wasn't a good one for foreign investment. For the first time in the post-World War II period, the flow of direct investments overseas from the U.S. declined—falling by $3 billion to around $225 billion. The rush of foreigners to invest here slowed, too. That figure, which swelled by 30% in 1981, was up a modest 11% in 1982, to $100 billion.

These numbers, which come from the Department of Commerce, aren't perfect, because of the vagaries of intercompany accounting procedures. But they do reflect the impact of the recession and turmoil in the oil market on worldwide capital flows. In 1981, for example, oil fueled much of the growth in foreign investments in the U.S. One deal alone—the Kuwaiti purchase of Santa Fe International—pumped in $2.5 billion.

Last year, however, there were three important changes. Most significant, perhaps, was the strong dollar, which tended to make foreign purchases more expensive. In addition, falling oil prices dried up acquisition interest by foreign petroleum companies. Finally, the sorry state of the economy reduced a potent source of capital investment for foreign corporations—reinvested earnings of their U.S. affiliates. From a high of $6.2 billion in 1980, this figure shriveled to near zero in 1982.

The foreign operations of U.S. multinationals were squeezed, too. Reinvested earnings peaked at $19 billion in 1979, but last year the figure was less than one-third that amount. Add a continuing spate of divestitures and 1982 was less than a banner year for foreign investment by U.S. firms, even though a strong dollar made purchases relatively cheaper than in the recent past.

Is this a harbinger of things to come? "Instead of a lot of new U.S. companies surging overseas like you saw in the late 1960s and early 1970s, most everybody is over there," says economist David Belli of the Department of Commerce's Bureau of Economic Analysis. "You won't see tremendous growth from now on out."

On the other hand, the political environment is encouraging foreigners to invest in the U.S.—but not for the reasons you might think.

Many outsiders worry about the growth of protectionism and want to beat out any looming entry restrictions. "It's a similar situation to 15 or 20 years ago when U.S. companies established facilities within the Common Market in order to get inside the external tariffs," explains John Hein, an economist at the Conference Board. Also, of course, foreign corporations like the Reagan Administration's pro-business attitude, a marked contrast to that of some European governments.

The continued strength of the U.S. dollar, however, poses problems for all calculations about future capital flows. On a trade-weighted average, the dollar appreciated a remarkable 10.2% last year against the currencies of 15 of the nation's major trading partners. Now, even though many currency traders feel a decline is imminent, they don't expect that alone to trigger major growth in foreign investment. "It will help after the dollar has fallen but not while it is moving down, because people do not like to commit their resources to a declining currency," says Peter Andreae, a director of Kleinwort Benson Investments, Ltd. in London.

In Andreae's opinion, there will be a "gradual decline in the relative attractiveness of the U.S. as a field for investment" over the next six to nine months. A drop in the dollar could set this off, but it's the political situation that worries him: "The view from London is strong disappointment that U.S. deficits have not been tackled."

Many foreigners see this in sharp contrast to the approach of the conservative leadership in West Germany and the landslide-reelected Margaret Thatcher. Both Britain's Tories and W. Germany's Christian Democrats make no bones about cutting deficits. "In the next two or three years there will be a divergence between conservative countries like the U.K., Germany and Japan, with good prospects of beating inflation, and the U.S., which is not conservative in its financing," Andreae concludes.

If that is true, don't be surprised to see solid inflows of capital into the U.S. this year and perhaps moderate outflows, as U.S. multinationals keep much of their own investment at home. Over the longer term, however, Britain may no longer be the "sick man" of Europe, and there's even the possibility that investors may soon look for opportunities along the Thames, in Duesseldorf, Tokyo, or even Singapore, just as they search the Sunbelt today.—**Jon Schriber**

Here come the Canadians

Last year revenues of the 100 largest foreign investments in the U.S. grew a scant 7%. But Seagram Co. Ltd. of Canada moved into first place over both Anglo American Corp. of South Africa and the Royal Dutch/Shell Group. Seagram's 21% stake in Du Pont put it on top, in part, because of Du Pont's Conoco acquisition.

At the bottom of the list, meanwhile, another Canadian firm, Steinberg Inc., squeaked into last place. It owns an American supermarket chain with $497 million in revenues. Steinberg replaces Germany's Hoesch A.G., which divested itself of Envirotech, the pollution controls company, and moved off our roster. Also dearly departed are such familiar names as Massey-Ferguson Ltd., which ranked 78th last year; Imetal, a French metals company that owns 66% of Copperweld; and Cominco Ltd., the Canadian mining firm. All fell victim to declining revenues.

Newcomers include the U.K.'s Pilkington Brothers, which ranks 47th by having grabbed a one-third interest in Libbey-Owens-Ford last year. "Winterthur" Swiss Insurance Co. also took over Republic Financial Services to become a runner-up.

There were other notable changes. Renault pulled up to the number 10 slot from 13 last year by capturing 20% of Mack Truck, a stake it now plans to increase to 45%. At the same time, Imperial Chemical Industries fell to 60 from 22 after selling its share of Fiber Industries to Celanese. Finally, Rhône-Poulenc drops to 116 from 35 after shedding Morton Thiokol.

What kinds of investments do foreigners like? Chemicals, energy and metals are well represented. As for the international flavor, the U.K. has the most companies, 33 with major investments, followed by Canada with 24. Kuwait even rates one full entry (Santa Fe International) and a piece of another (30% of Korf Industries). Not surprisingly, however, Canada has by far the largest investment position here. Its total revenues: $57 billion.

The 100 largest foreign investments in the U.S.

Foreign investor	Country	US company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
1 Seagram Co Ltd[1]	Canada	Joseph E Seagram & Sons	100%	spirits & wines	$ 1,564	$237.0	$ 4,482
		El du Pont de Nemours[1]	21	chemicals, energy	33,223	894.0	24,343
					34,787		
2 Anglo American Corp of So Africa Ltd[1]	South Africa						
Minerals & Resources[1]	Bermuda	Phibro-Salomon[1]	26	metal trading, brokerage	26,703	337.0	39,669
		Engelhard Corp[1]	27	metals	2,019	64.8	775
		Adobe Oil & Gas[1,2]	28	energy	203	24.6	387
		Inspiration Consol Copper[2]	50	copper	165	–24.2	223
		Terra Chemicals[2]	100	fertilizer	273	–2.5	213
Charter Consolidated[1]	UK	National Mine Service[1]	51	mining equipment	177	4.5	120
					29,540		
3 Royal Dutch/Shell Group[1]	Netherlands	Shell Oil[1]	69	energy	20,062	1,605.0	21,376
	UK	Scallop Corp	100	energy			
		Billiton Exploration	100	metals	1,560	NA	544
		Billiton Metals	100	metals			
		Ocean Minerals	30	metals			
					21,622		
4 British Petroleum Plc[1]	UK	Standard Oil Ohio[1]	53	energy	13,152	1,879.0	16,016
		BP North America	100	energy	NA	NA	2,000E
					13,152		
5 Mitsui & Co Ltd[1]	Japan	Alumax	45	aluminum	1,004	38.7	1,159
		Mitsui & Co USA	100	multicompany	5,802E	NA	271
					6,806E		

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6 Flick Group	Germany	WR Grace[1]	28%	multicompany	$6,128	$319.5	$4,916
7 B.A.T Industries Plc[1]	UK	BATUS	100	paper, retailing, tobacco	5,165	214.0	3,745
8 Générale Occidentale	France	Grand Union	100	supermarkets	4,137	24.7	756
		Diamond International	100	packaging, lumber	781	23.9	1,173
					4,918		
9 Tengelmann Group	Germany	Great A&P Tea[1]	51	supermarkets	4,608	21.4	1,093
10 Régie Nationale des Usines Renault	France	American Motors[1]	46	automotive	2,878	–153.5	1,607
		Mack Truck	20	automotive	1,292	–32.3	722
					4,170		
11 Beneficiaries of US Philips Trust	Netherlands	North American Philips[1]	61	electronics	3,168	73.6	1,826
		Signetics	100	semiconductors	325	NA	NA
					3,493		
12 Bayer AG[2]	Germany	Mobay Chemical	100	chemicals	1,132	–8.3	1,213
		Miles Laboratories	100	health care	1,076	–0.8	1,021
		Compugraphic[1]	79	photocomposition	276	7.7	232
		Helena Chemical	100	chemicals			
		Haarmann & Reimer	100	chemicals	816	NA	NA
		Agfa-Gevaert	100	photographics			
					3,300		
13 Unilever NV[1]	Netherlands	Lever Brothers	100	consumer goods			
		Thomas J Lipton	100	food	3,132[4]	80.5[3]	447[3]
		National Starch & Chem	100	adhesives, starch			
14 Volkswagenwerk AG[1]	Germany	Volkswagen of America	100	automotive	2,454	–143.1	1,000E
		Triumph-Adler (N. Amer)	100	office equipment	600E	NA	NA
					3,054		
15 Midland Bank Plc	UK	Crocker National Corp[1]	57	banking	2,894	71.6	24,939
16 Hongkong & Shanghai Banking Corp[1]	Hong Kong	Marine Midland Banks[1]	51	banking	2,412	87.0	20,239
17 Schlumberger NV[1]	Neth Antilles	Schlumberger Technology	100	oilfield svs, electronics	2,400	NA	2,400
18 Nestlé	Switzerland	Nestlé	100	food			
		Libby, McNeill & Libby	100	food			
		Stouffer Corp	100	food, restaurants			
		Alcon Laboratories	100	drugs	2,341	NA	NA
		Beech-Nut	100	food			
		Other companies	100	food, drinks, health care			
19 Brascan Ltd[1]	Canada	Scott Paper[1]	24	paper products	2,293	74.5	2,382
20 Petrofina SA	Belgium	American Petrofina[1]	75	energy	2,242	54.4	1,166
		Petrofina Delaware	100	oil & gas exploration	49	25.3	289
					2,291		
21 Canadian Pacific Ltd[1]	Canada	Soo Line Railroad[1]	56	railroad	299	15.3	526
Canadian Pacific Enterprises Ltd	Canada	Canadian Pacific Enterprises US	100	agric products, minerals, china	1,926	19.8	1,752
					2,225		
22 Française des Pétroles	France						
Total Petroleum NA[1]	Canada	Total Petroleum	100	energy	2,200E	NA	890E

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23 George Weston Ltd[1]	Canada	Interbake Inc	100%	biscuits			
		Stroehmann Brothers	100	bakery	$ 375	NA	NA
		Eastern Fine Paper	100	paper products			
Loblaw Cos[1]	Canada	Peter J Schmitt	100	food wholesaling	1,722	NA	NA
		National Tea	100	supermarkets			
					2,097		
24 CIBA-GEIGY Ltd	Switzerland	CIBA-GEIGY Corp	100	chemicals, drugs	1,965	NA	$1,493
		ILFORD Corp	100	photographic products	44	NA	21
					2,009		
25 Grand Metropolitan[1]	UK	GrandMet USA	100	tobacco, drinks & food	1,347	$77.9	1,053
		Intercontinental Hotels	100	hotels	449	NA	589
					1,796		
26 Barclays Bank Plc	UK	BarclaysAmerican	100	financial services			
		Barclays Bank NY	100	banking	1,773	–56.0	11,833
		Barclays Bank Calif	100	banking			
27 Imperial Group Plc[1]	UK	Howard Johnson	100	hotels, restaurants	725	NA	NA
		Country Poultry	50	food	1,000A	NA	NA
		Lea & Perrins	86	sauces	30E	NA	NA
					1,755E		
28 Commercial Union Assurance Plc	UK	Commercial Union Corp	100	insurance	1,655	–144.0	2,662
29 BASF AG[1]	Germany	BASF Wyandotte	100	chemicals	895	5.4	735
		Badische	100	man-made fibers	501	–0.2	483
		BASF Systems	100	magnetic media	85	NA	75
		Fritzsche Dodge & Olcott	100	flavors & fragrances	76	NA	132
		Knoll Pharmaceutical	100	drugs	61	NA	24
					1,618		
30 Dalgety Plc	UK	Dalgety Foods	100	frozen foods			
		Martin-Brower Co	100	distribution	1,600E	NA	230E
		Pig Improvement Co	100	pig breeding			
		Modern Maid Food	100	food coatings			
30 Kuwait Petroleum	Kuwait	Santa Fe International	100	oil drilling	1,600E	170.0E	1,500E
32 Consolidated Gold Fields Plc[1]	UK	Amcon Group	100	drilling rigs, mining	846	–12.7	1,011
		Newmont Mining[1]	25	mining	712	48.6	1,947
					1,558		
33 Thomas Tilling Plc	UK	Thomas Tilling	100	multicompany	1,520	NA	758
34 Hoechst AG[1]	Germany	American Hoechst	100	chemicals	1,506	3.0	1,242
35 Delhaize Le Lion SA	Belgium	Food Lion[1]	51	supermarkets	947	21.9	213
		Food Giant	100	supermarkets	544	NA	NA
					1,491		
36 Financière Crédit Suisse-First Boston	Switzerland	First Boston[1]	43	investment banking	1,395	93.0	17,324
37 Royal Insurance Plc	UK	Royal USA	100	insurance	1,380	15.9	2,378
38 Hanson Trust Plc[1]	UK	Interstate United	100	food services	372	13.1	76
		Hygrade Food Products	100	meat processors	307	10.3	56
		Endicott Johnson	100	shoe mfg, retailing	288	27.5	183
		Ames Company	100	hand tools	71	10.9	
		Carisbrook Industries	100	fabric, yarns	219	21.7	97
		Seacoast Products	100	fish oil & meal	43	–3.6	42
					1,300		

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39 Noranda Mines Ltd[1]	Canada	Noranda Inc	100%	aluminum	$ 651	NA	$1,134
MacMillan Bloedel Ltd[1]	Canada	MacMillan Bloedel	100	forest products	631	NA	559
					1,282		
40 Henkel KGaA	Germany	Henkel Corp	100	chemicals			
		Amchem Products	100	chemicals	400E	NA	NA
		Clorox[1]	23	household products	867	$45.1	540
					1,267E		
41 Trade Development Bank Holding	Luxembourg	Republic NY Corp[1]	61	banking	1,249	70.5	9,280
42 Bell Canada[1]	Canada						
Northern Telecom Ltd[1]	Canada	Northern Telecom	100	telecommunications	1,226	NA	913
43 Alusuisse	Switzerland	Maremont	100	auto parts	445	NA	310E
		Consolidated Aluminum	88	aluminum			
		Lonza	100	aluminum, electrodes			
		Heyward-Robinson	100	engineering, consulting	765	NA	787E
		Ormet	58	aluminum, electrodes			
					1,210		
44 Northern Foods Plc	UK	Bluebird Inc	100	meat products	700E	NA	NA
		Keystone Foods	80	meat, poultry	510	NA	NA
					1,210E		
45 Moore Corp Ltd[1]	Canada	Moore Business Forms	100	business forms			
		FN Burt Company	100	packaging	1,202	NA	671
46 Thyssen Group[1]	Germany	Budd Co	100	auto parts, RR equip, machine tools	1,197	NA	NA
47 Pilkington Brothers Plc	UK	Libbey-Owens-Ford[1]	30	glass	1,099	16.0	830
		Solec Intl	80	photo-optical			
		CemFIL	90	building materials	70	NA	NA
					1,169		
47 Vendex International BV	Netherlands	Dillard Dept Stores[1]	51	retailing	711	22.0	372
		HJ Wilson Co[1]	21	retailing	458	5.6	326
					1,169		
49 Ahold NV[1]	Netherlands	BI-LO	100	supermarkets	807	NA	NA
		Giant Food Stores	100	supermarkets	349	NA	NA
					1,156		
50 The BOC Group Plc[1]	UK	Airco	100	gases	1,135	43.0	1,240
		Mountain Medical Equip	52	oxygen	14	1.7	15
					1,149		
51 Akzo NV[1]	Netherlands	Akzona	100	chemicals, fibers			
		Other companies	100	drugs, chemicals	1,141[3]	NA	850E
52 Thyssen-Bornemisza NV	Netherlands	Thyssen-Bornemisza	100	diversified mfr	1,113	NA	3,141
53 General Electric Plc[1]	UK	AB Dick	100	office equipment	300E	NA	NA
		Alco Power	100	diesel engines	65E	NA	80E
		Picker Intl	80	medical equip & systems	615	NA	300E
		Other companies	100	electronics	125E	NA	NA
					1,105E		
54 F Hoffmann-La Roche	Switzerland	Hoffmann-La Roche	100	drugs, chemicals	1,100E	NA	NA
55 Alcan Aluminium Ltd[1]	Canada	Alcan Aluminum	100	aluminum	1,093	–1.0	671

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56 Pechiney Ugine Kuhlmann	France	Howmet Aluminum	100%	aluminum products	$ 534	$34.4	$ 744
		Howmet Turbine Components	100	engine castings	529		
					1,063		
57 Six European Banks	6 countries	European American Bncp	100	banking	1,061	30.4	8,325
58 Elf Aquitaine Group	France	Elf Aquitaine Inc	100	chemicals, energy, mining	933	NA	NA
		Other companies	34-100	energy, drilling, drugs	106E	NA	NA
					1,039		
59 Siemens AG[1]	Germany	Siemens Corp	100	medical, electronics	1,016	NA	NA
		Siecor Inc	50	telephone, fiber optics			
		Siemens-Allis	85	power engineering			
		Other companies	100	communications			
60 Imperial Chemical Inds[1]	UK	ICI Americas	100	drugs, chemicals	1,000E	NA	NA
		Corpus Christi Petrochem	38	chemicals	NA	NA	NA
61 Swiss Reinsurance Co	Switzerland	N Am Reinsurance	100	insurance	588	23.0	1,662
		N Am Reassurance	100	insurance	104	10.0	496
		SwissRe Life Ins	100	insurance	190	–3.1	58
		Other companies	100	insurance	99	20.4	279
					981		
62 Bank of Tokyo Ltd[1]	Japan	Bank of Tokyo Trust	100	banking	483	9.5	4,135
		California First Bank[1]	76	banking	493	9.7	4,156
					976		
63 Power Corp of Canada	Canada	Great-West Life Assur	96	insurance	950E	NA	2,540E
64 Canadian Imperial Bank of Commerce[1]	Canada	Canadian Imperial Bank of Commerce	100	banking	938E	NA	5,300E
65 Franz Haniel & Cie	Germany	Scrivner Inc	100	wholesale/retail foods	911	11.1	138
66 Canada Development Corp	Canada	Savin[1]	57	office equipment	469	–32.2	407
		Polysar Inc	100	petrochemicals	379	NA	178
		Canterra Coal	100	coal	35E	NA	NA
		Canterra Petroleum	100	energy	12E	NA	NA
					895		
67 Standard Chartered Bank Group	UK	Union Bank	100	banking	859	31.0	7,545
68 General Accident Fire & Life Plc	UK	General Accident Ins Am	100	insurance	848	81.8	1,835
		Camden Fire Assurance	100	insurance			
		Penn Gen Insurance	100	insurance			
		Potomac Ins of Illinois	100	insurance			
69 Davy Corp Plc	UK	Davy Inc	100	construction, engineering	843	4.2	260
70 Saint-Gobain	France	CertainTeed Corp[1]	57	building supplies	827	–7.1	617
71 Imasco Ltd[1]	Canada	Hardee's Food Systems	100	fast food	807	NA	364
		Shoppers Drug Mart	100	health & beauty prods	14E	NA	NA
		Tinder Box Intl Ltd	100	tobacco products			
					821		
72 Natl Westminster Bank Plc	UK	Natl Bank North Amer	100	banking	818	17.5	6,807
73 Johnson Matthey Plc	UK	Johnson Matthey Investments	100	jewelry, metal fabrication	800	NA	364

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The 100 largest foreign investments in the U.S.

Foreign investor	Country	US company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
74 Bowater Corp Plc[1]	UK	Bowater North America	100%	lumber, pulp & paper			
		Catawba Newsprint	51	newsprint	$786	NA	$ 820
		Bowater Computer Forms	100	business forms			
75 Sun Life Assurance Co of Canada	Canada	Sun Life Assurance (US)	100	insurance			
		Suncan Equity Services	100	financial services			
		Suncan Benefit Services	100	financial services	771	NA	2,988
		Mass Financial Services	100	financial services			
76 Manufacturers Life Insurance	Canada	Manufacturers Life Ins	100	insurance	770E	NA	2,794
77 United Biscuits (Holdings) Plc	UK	Keebler	100	baked goods	674	$31.3	325
		Specialty Brands	43	spices, salad dressing	87	5.0	38
					761		
78 Beecham Group Plc[1]	UK	Beecham	100	drugs, consumer prods			
		Jovan	100	cosmetics, fragrances	750	NA	700
		DAP	100	sealants			
79 Nova[1]	Canada						
Husky Oil Ltd[1]	Canada	Husky Oil Co	100	energy, steel, charcoal	747	NA	620
79 Ultramar Plc	UK	Ultramar American Ltd	100	energy	747	NA	266
81 Genstar Ltd[1]	Canada	Genstar USA	100	bldg matls, financial serv	742	NA	1,150
82 Daimler-Benz Group	Germany	Freightliner	100	automotive	520	NA	NA
		Euclid	100	automotive	191	NA	NA
					711		
83 Sandoz Ltd	Switzerland	Sandoz United States	100	food, drugs, seeds, chem	705	NA	NA
		Ex-Lax Pharmaceutical	100	health care			
84 Electrolux AB	Sweden	Dometic Inc	100	appliances	697	NA	394
85 Nationale-Nederlanden NV	Netherlands	GeorgiaUS	100	insurance	326	31.8	1,270
		Peerless Insurance	100	insurance	152	0.7	230
		Security Life Denver	100	insurance	83	31.2	342
		Midwestern United Life	88	insurance	68	4.2	264
		Wisconsin National Life	100	insurance	35	4.1	144
		Netherlands Insurance	100	insurance	20	0.9	31
					684		
86 Ennia NV	Netherlands	National Old Line	100	insurance	63	7.5	282
		Equity National Ins	100	insurance	16	1.3	20
		American Old Line	100	insurance	2	0.6	6
Extendicare Ltd	Canada	Annapolis Life Ins	100	insurance			
		Coronet Life Ins	100	insurance	536	NA	NA
		Medco Centers	100	insurance	54	NA	39
					671		
87 Olympia & York Developments Ltd	Canada	Abitibi-Price	94	forest products	190	NA	155
		Landmark Land[1]	29	recreation	81	2.1	851
		Brinco	52	mining, energy	11	NA	10
		Royal Trustco	24	banking	71	3.4	809
		Trizec	37	property development	151	NA	NA
		Rouse[1]	25	property dev, banking	164	8.1	632
					668		
88 Allianz Versicherungs AG	Germany	Allianz of America	100	insurance	449	11.0	1,615
		Munich Amer Reinsurance	45	insurance	121	7.0	323
		Munich Amer Reassurance	45	insurance	41	0.6	76
					611		
89 Rio Tinto-Zinc Plc[1]	UK	US Borax & Chemical	100	chemicals	350E	NA	350E
		Indal US	59	building products	250	NA	170
					600E		

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90 IFI International SA	Luxembourg	Moog Automotive	100%	auto parts			
		Chicago Rawhide	100	auto parts			
		River Cement	40	cement	$600	NA	NA
		Income International	100	industrial components			
		Hercules Cement	46	cement			
		Signal Cement	46	cement			
91 Sobey Group	Canada	Hannaford Brothers[1]	25	food distribution	559	$ 7.9	$ 125
92 AGO Holdings NV	Netherlands	Life Investors[1]	63	insurance	558	27.3	1,353
93 TransCanada PipeLines[1]	Canada	Great Lakes Gas Transmission	50	gas pipeline	536	25.1	401
94 Cadbury Schweppes Plc[1]	UK	Cadbury Schweppes USA	100	food	534	NA	238
95 Baron Edmond de Rothschild	Switzerland	BanCal Tri-State[1]	30	banking	521	8.7	3,839
96 Ivaco	Canada	Laclede Steel[1]	40	steel	178	–8.1	126
		Atlantic Steel	100	steel			
		Capitol Wire & Fence	100	steel			
		Florida Wire & Cable	84	steel	336	NA	257
		National Wire Prods	60	steel			
		New York Wire Mills	100	steel			
		Niagara Lockport Inds	100	paper machine clothing			
					514		
97 Volvo AB	Sweden	Volvo White Truck	100	automotive	342	–14.0	177
		Hamilton Bros Petroleum[1]	25	energy	169	9.0	362
					511		
98 Fiat SpA	Italy	Fiat-Allis	80	construction equip	307	–26.1	237
		Hesston Corp[1]	50	agricultural equip	202	–7.9	144
					509		
99 Thorn EMI Plc	UK	Thorn EMI (US)	100	music, films, electronics	500E	NA	NA
100 Steinberg Inc[1]	Canada	Smitty's Super Valu	100	supermarkets	497	8.2E	194

And the 25 runners-up

Foreign investor	Country	US company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
101 Syntex[1]	Panama	Syntex	100	drugs	495	NA	396
102 Otto Versand	Germany	Spiegel Inc	100	catalog retailing	485	5.3	447
103 "Winterthur" Swiss Insurance Company	Switzerland	Republic Financial Services	100	insurance	481	25.5	938
104 LM Ericsson Telefonaktiebolaget[1]	Sweden	Anaconda-Ericsson	50	telecommun equipment	470	NA	476
		Ericsson Programatic	31	computer software	7	NA	3
					477		
105 Hawker Siddeley Group Plc[1]	UK	Lister Diesels	100	engine assembly	15	NA	11
		FASCO	100	electrical equipment	152	5.0	110
		Onan	37	engines	250E	NA	180E
Carlton Inds	UK	KW Battery	100	industrial batteries	20E	NA	NA
Hawker Siddeley Can	Canada	Corinth Machinery	100	sawmill equip, pumps			
		Dosco	100	mining equipment	30	NA	25
		Tree Farmer Equipment	100	foresting equipment			
					467E		

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And the 25 runners-up

Foreign investor	Country	US company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
106 Inco Ltd[1]	Canada	International Nickel Huntington Alloys	100% 100	metals metals products	$465	NA	$ 407
107 Fujitsu Ltd[1]	Japan	Amdahl[1]	24	computers	462	$4.9	565
108 ASEA Group	Sweden	ASEA (USA)	100	elec & industrial equip	461	NA	NA
109 Matsushita Electric Industrial Co[1]	Japan	Matsushita Electric Corp of America	100	electronics	460E	NA	850E
110 Olsen, Lehmkuhl Families	Norway	Timex	100	watches	450E	NA	NA
110 Sony Corp[1]	Japan	Sony Corp (US)	100	consumer electronics	450E	NA	NA
112 L'Air Liquide[1]	France	Liquid Air Corp[1]	61	industrial gases	449	27.5	537
113 Babcock Intl Plc[1]	UK	ACCO/Babcock	100	diversified mfg	440	NA	280
114 S Pearson & Son Plc	UK	Midhurst Corp Pearson Longman (US) Cedar Point[1]	100 100 25	oil services & equipment publishing amusement parks	365E 69 434E	NA 10.6	NA NA
115 Intl Thomson Org Ltd	Canada	International Thomson	100	publishing, travel, energy	432	NA	466
116 Rhône-Poulenc SA	France	Rhône-Poulenc Dysan Corp[1]	100 20	chemicals data processing equip	281 143 424	NA 9.0	NA 171
117 Guest, Keen & Nettlefolds	UK	Guest, Keen & Nettlefolds	100	automotive, steel	418	NA	NA
118 Société Auxiliare D'Entreprises	France	Spaw-Glass Continental Heller Pinkerton & Laws	51 72 40	building building building	273 82 60 415	NA NA NA	NA NA NA
119 Koninklijke Wessanen NV	Netherlands	Marigold Foods Friwessa Real Veal Crowley Foods	100 100 100 100	dairy vegetable oil animal feed dairy	400E	NA	NA
120 Jefferson Smurfit Group Ltd	Ireland	Alton Packaging Smurfit Industries	100 100	packaging packaging	398	12.1	248
121 IDB Bankholding Corp Ltd	Israel	Israel Discount Bank NY PEC Israel Economic Corp	100 100	banking Israeli-related ventures	373 22 395	14.4 NA	3,079 118
122 BBC-Brown Boveri & Cie	Switzerland	BBC Brown Boveri	100	power equipment	390	NA	350
123 Willy Korf **Govt of Kuwait**	Germany Kuwait	Korf Industries	70 30	steel, technology	380E	NA	NA
123 SKF AB	Sweden	SKF Industries	96	bearings, auto parts	380	NA	NA
125 Asamera	Canada	Asamera Oil Asamera Minerals	100 100	energy mining	375	NA	131

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Hard times... in any language

Multinationals, the pride of U.S. industry, suffer like everyone else in a recession. But after 1982 they might consider suing for assault and battery. Total revenues of the top 100, a figure that usually posts a solid gain, fell nearly 3% to $1.2 trillion.

Even companies gaining in rank did so primarily because their revenues fell less rapidly than someone else's. Still, there were exceptions: SmithKline Beckman, for one, up 23, to 101, had gains on strong sales and its merger with Beckman Instruments.

On the downside, however, International Harvester fell from 46 to 86 by selling its construction equipment and transmission operations.

Other firms disappeared from this list completely. These include Black & Decker, Foster Wheeler, Norton Simon, Revlon, Signal and Sterling Drug—victims of the weak economy. Replacements, meanwhile, include four banks—Crocker National, First Interstate, Mellon National and Republic New York—and Allegheny International. Why such a big financial presence? Increased foreign loans, as was the case at Crocker, can be a factor in helping a bank show up on this list. First Interstate's debut comes for different reasons: The bank boosted foreign holdings by keeping short-term money parked in Japan and Europe.

The 100 largest U.S. multinationals

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
1	Exxon	$69,386	$97,173	71.4%	$2,208	$4,343	50.8%	$29,914	$62,289	48.0%
2	Mobil	37,778[1]	60,969[1]	62.0	880[2]	1,380[2]	63.8	18,802	36,439	51.6
3	Texaco	31,118	46,986	66.2	833[2]	1,281[2]	65.0	12,956	27,114	47.8
4	Standard Oil Calif	16,957	34,362	49.3	404[2]	1,377[2]	29.3	8,861	23,465	37.8
5	Phibro-Salomon	16,600	26,703	62.2	218[2]	337[2]	64.7	4,600	39,669	11.6
6	Ford Motor	16,526	37,067	44.6	460[2]	–658[2]	P/D	14,327	21,956	65.3
7	IBM	15,336	34,364	44.6	1,646[2]	4,409[2]	37.3	14,122	32,541	43.4
8	General Motors	14,376	60,026	23.9	–107[2]	963[2]	D/P	12,288	41,363	29.7
9	Gulf Oil	11,513	28,427	40.5	300[2]	900[2]	33.3	7,625	20,436	37.3
10	E I du Pont de Nemours	11,057	33,223	33.3	488[6]	1,491[6]	32.7	5,911	24,343	24.3
11	Citicorp	10,865	17,814	61.0	448[2]	723[2]	62.0	73,316[4]	121,482[4]	60.4
12	Intl Tel & Tel[3]	9,824	21,922	44.8	851	1,194	71.3	9,914	29,172	34.0
13	BankAmerica	8,051	14,955	53.8	253[5]	389[5]	65.0	54,847[4]	119,869[4]	45.8
14	Chase Manhattan	6,207	10,171	61.0	215[2]	307[2]	70.0	41,387	80,863	51.2
15	Dow Chemical	5,544	10,618	52.2	143	356	40.2	5,260	11,807	44.5
16	General Electric	5,490[1]	27,192[1]	20.2	395[2]	1,817[2]	21.7	5,373	21,615	24.9
17	Sun Co	4,901[1]	15,739[1]	31.1	54[6]	706[6]	7.7	2,399	12,019	20.0
18	Standard Oil Indiana	4,862[1]	28,389[1]	17.1	618[2]	1,826[2]	33.8	6,470	24,289	26.6
19	Occidental Petroleum	4,715[1]	18,527[1]	25.4	345[6]	548[6]	63.0	3,502	15,773	22.2
20	Safeway Stores	4,380	17,633	24.8	84[2]	160[2]	52.5	1,052	3,891	27.0

*Unless otherwise indicated [1]Includes other income [2]Net income [3]Includes proportionate interest in unconsolidated subsidiaries or investments [4]Average assets [5]Income before security gains or losses [6]Profit before interest and after taxes [7]Pretax income [8]Excludes international transportation [9]Estimate [10]Excludes Canada [11]Continuing operations before taxes P/D: Profit over deficit D/P: Deficit over profit NA: Not available

The 100 largest U.S. multinationals

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
21	J P Morgan	$4,268	$ 6,885	62.0%	$ 283[2]	$ 394[2]	71.8%	$32,927	$58,597	56.2%
22	Eastman Kodak	4,181	10,815	38.7	302	1,860	16.2	2,978	10,614	28.1
23	Manufacturers Hanover	3,929	7,640	51.4	147[2]	295[3]	49.8	30,321	64,041	47.3
24	Procter & Gamble	3,737	11,994	31.2	88[1]	777[2]	11.3	1,700	7,510	22.6
25	Xerox	3,630	8,456	42.9	151[3]	424[2]	35.6	3,531	7,668	46.0
26	Goodyear	3,336	8,689	38.4	210	715	29.4	2,209	5,194	42.5
27	Phillips Petroleum	3,042	15,698	19.4	1,199	2,291	52.3	2,756	12,097	22.8
28	Union Carbide	3,010	9,062	33.2	275	657	41.9	3,198	10,616	30.1
29	United Technologies	2,925	13,577	21.5	114[2]	427[2]	26.7	2,204	7,993	27.6
30	Colgate-Palmolive	2,859	4,888	58.5	223	394	56.6	1,055	2,574	41.0
31	Dart & Kraft	2,845	9,974	28.5	301	861	35.0	1,410	5,134	27.5
32	Coca-Cola	2,670	6,250	42.7	638	1,056	60.4	1,438	4,923	29.2
33	CPC International	2,666	4,091	65.2	289	448	64.5	1,540	2,413	63.8
34	Pan Am World Airways	2,624	3,716	70.6	–49	–314	15.6	NA	2,696	NA
35	Tenneco	2,594	14,979	17.3	354	1,862	19.0	2,761	17,378	15.9
36	Bankers Trust New York	2,587	4,677	55.3	113[2]	223[2]	50.7	21,149	40,427	52.3
37	Minn Mining & Mfg	2,527	6,601	38.3	353	1,048	33.7	1,673	5,514	30.3
38	R J Reynolds Inds	2,484	10,906	22.8	155[4]	1,594	9.7	1,422[5]	10,355	13.7
39	Johnson & Johnson	2,457	5,761	42.6	446	854	52.2	1,710	4,210	40.6
40	Chemical New York	2,426	5,515	44.0	104[3]	269[3]	38.7	18,662	48,275	38.7
41	Atlantic Richfield	2,322	26,462	8.8	20[2]	1,676[2]	1.2	1,626	21,633	7.5
42	F W Woolworth	2,289	5,124	44.7	104	257	40.5	986	2,489	39.6
43	GTE	2,135	12,066	17.7	65[2]	836[2]	7.8	3,376	22,294	15.1
44	Continental Illinois	2,130	5,900	36.1	51[2]	78[2]	65.4	14,753[9]	42,899	34.4
45	Getty Oil[3]	2,119	12,762	16.6	826	1,794	46.0	1,838	11,404	16.1
46	Sperry	2,114	5,571	37.9	213	631	33.8	2,003	5,343	37.5
47	Beatrice Foods	2,112	9,188	23.0	166	773	21.5	903	4,732	19.1
48	General Foods	2,088	8,351	25.0	109	634	17.2	1,039	3,861	26.9
49	Halliburton	2,062	7,282	28.3	280	856	32.7	1,673	5,582	30.0
50	American Express	2,033	8,093	25.1	208	907	22.9	9,124	28,311	32.2
51	First Chicago	1,998	4,402	45.4	44[2]	137[2]	32.1	14,573	35,876	40.6
52	Fluor	1,995	7,336	27.2	157	427	36.8	1,009	4,701	21.5
53	Nabisco Brands	1,941	5,871	33.1	194	635	30.6	1,224	3,692	33.2
54	Trans World	1,905	5,108	37.3	175	144	121.5	1,033	3,536	29.2
55	Monsanto	1,842	6,325	29.1	80	541	14.8	1,209	6,077	19.9
56	American Brands[3]	1,826	4,563	40.0	166	782	21.2	1,372	6,256	21.9
57	Pfizer	1,816	3,454	52.6	299	615	48.6	1,733	3,749	46.2
58	Hewlett-Packard	1,759	4,254	41.3	252[7]	676[7]	37.3	958	3,470	27.6
59	Sears, Roebuck[3]	1,755	31,044	5.7	–36[2]	830[2]	D/P	1,142	37,057	3.1
60	Burroughs	1,738[1]	4,186[1]	41.5	288	306	94.1	1,375	4,123	33.3
61	NCR	1,737	3,526	49.3	231	473	48.8	1,339	3,373	39.7
62	American Intl Group	1,655[10]	3,563	46.4	289[10]	479	60.3	3,993[10]	9,120	43.8
63	K mart[3]	1,650	17,657	9.3	28[2]	262[2]	10.7	656	7,520	8.7
64	Chrysler	1,548	10,045	15.4	–35[11]	–68[11]	51.5	1,314	6,264	21.0
65	Honeywell	1,502	5,490	27.4	160	427	37.5	1,148	4,471	25.7
66	Union Oil California	1,501[1]	10,556[1]	14.2	57[2]	804[2]	7.1	1,216	8,511	14.3
67	Allied Corp	1,479	6,167	24.0	677	785	86.2	1,010	6,272	16.1
68	Bank of Boston	1,456	2,745	53.0	25[3]	124[2]	20.2	7,982[4]	17,506[4]	45.6
69	PepsiCo	1,451	7,499	19.3	22	698	3.2	1,266	4,197	30.2
70	American Home Products	1,412	4,582	30.8	256	1,047	24.5	699	2,832	24.7
71	Deere	1,402	4,608	30.4	–63	136	D/P	1,180	5,936	19.9
72	Digital Equipment	1,383	3,881	35.6	215	585	36.8	1,118	4,024	27.8
73	Consolidated Foods	1,372	6,039	22.7	93[7]	272[7]	34.2	780	2,399	32.5
74	H J Heinz	1,371	3,689	37.2	126	362	34.8	811	2,130	38.1
75	Continental Group[3]	1,356	5,564	24.4	63	339	18.6	666	5,727	11.6

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Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
76	Scott Paper[3]	$1,355	$3,648	37.1%	$ –40	$ 74	D/P	$ 1,120	$3,270	34.3%
77	Warner-Lambert	1,352	3,246	41.7	282	597	47.2%	953	2,906	32.8
78	Merck	1,349	3,063	44.0	229	603	38.0	1,536	3,648	42.1
79	Texas Instruments	1,330	4,327	30.7	130	213	61.0	807	2,631	30.7
80	Irving Bank	1,317	2,277	57.8	48[5]	83[5]	57.8	10,900[9]	19,514	55.9
81	W R Grace	1,274	6,128	20.8	190[7]	604[7]	31.5	821	4,916	16.7
82	Murphy Oil	1,269[1]	2,682[1]	47.3	95[2]	158[2]	60.1	1,126	2,990	37.7
83	Caterpillar Tractor	1,250	6,469	19.3	–17	–253	6.7	1,090	7,201	15.1
84	Gillette	1,241[10]	2,239	55.4	166[10]	319	52.0	968[10]	1,667	58.1
85	Motorola	1,230	3,786	32.5	58	304	19.1	688	2,833	24.3
86	International Harvester	1,227	4,292	28.6	–62	–281	22.1	551	3,699	14.9
87	Gulf & Western Inds[3]	1,224	6,423	19.1	188	482	39.0	1,900[9]	10,902	17.4
88	Bristol-Myers	1,223	3,600	34.0	211	657	32.1	848	2,756	30.8
89	American Cyanamid	1,220	3,454	35.3	66[2]	132[2]	50.0	794	2,997	26.5
90	Avon Products	1,219	3,001	40.6	158	415	38.1	693	2,233	31.0
91	Firestone	1,209	3,869	31.2	89	99	89.9	851	2,672	31.8
92	Westinghouse Electric	1,185	9,745	12.2	86	709	12.1	807	8,427	9.6
93	Philip Morris	1,166	9,102	12.8	119	1,638	7.3	1,486	9,692	15.3
94	Allegheny International[3]	1,157	3,167	36.5	92	234	39.3	579	2,104	27.5
95	Ralston Purina	1,155	4,803	24.0	10	255	3.9	360	2,114	17.0
96	TRW	1,149	5,132	22.4	135	426	31.7	829	3,125	26.5
97	Security Pacific	1,100	4,491	24.5	74[2]	234[2]	31.6	9,184	36,991	24.8
98	Carnation	1,095	3,382	32.4	73	335	21.8	358	1,712	20.9
99	Marine Midland Banks	1,093	2,412	45.3	41[2]	87[2]	47.1	8,436	20,239	41.7
100	Litton Industries	1,093	4,942	22.1	125	581	21.5	454	3,837	11.8

And the 25 runners-up

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
101	SmithKline Beckman	$1,087	$2,969	36.6%	$227	$671	33.8%	$ 839	$2,858	29.4%
102	Eli Lilly	1,065	2,963	35.9	78[2]	412[2]	18.9	937	3,155	29.7
103	Control Data	1,060	4,292	24.7	111	220	50.5	993	6,912	14.4
104	Quaker Oats	1,052	2,712	38.8	90	272	33.1	552	1,477	37.4
105	Kimberly-Clark	1,037	2,946	35.2	79	288	27.4	1,079	2,664	40.5
106	Singer	1,004	2,523	39.8	17	81	21.0	680	1,422	47.8
107	City Investing	1,000	5,771	17.3	90	428	21.0	835	7,555	11.1
108	Ingersoll-Rand	974	2,775	35.1	48	187	25.7	751	2,403	31.3
109	Hercules[3]	970	2,858	33.9	75	143	52.4	781	2,180	35.8
110	United Brands	969	3,973	24.4	–9	39	D/P	522	1,265	41.3
111	Armco[3]	966	6,279	15.4	64	68	94.1	712	6,208	11.5
112	Dresser Industries	942	4,166	22.6	77	323	23.8	763	3,311	23.0
113	RCA[3]	930	9,338	10.0	52[7]	321[7]	16.2	933	12,932	7.2
114	American Standard	929	2,125	43.7	80	103	77.7	565	1,520	37.2
115	Mellon National	857	2,355	36.4	43[2]	134[2]	32.1	7,781	20,294	38.3
116	Kellogg	853	2,367	36.0	65[2]	228[2]	28.5	496	1,297	38.2
117	First Interstate	846	4,608	18.4	19[2]	221[2]	8.6	8,124	40,884	19.9
118	Schering-Plough	838	1,818	46.1	112	300	37.3	304	2,429	33.1
119	Anderson, Clayton	832	1,681	49.5	19[2]	55[2]	34.5	327	909	36.0
120	Crocker National	826	2,894	28.5	49[2]	72[2]	68.1	7,234	24,939	29.0
121	Republic New York	823	1,249	65.9	48[2]	71[2]	67.6	5,991	9,280	64.6
122	Levi Strauss	821	2,572	31.9	77	334	23.1	407	1,621	25.1
123	Morrison-Knudsen	819	2,361	34.7	53	147	36.1	239	893	26.8
124	Borg-Warner	801	3,195	25.1	57	227	25.1	402	2,463	16.3
125	Combustion Engineering	800	3,570	22.4	41[2]	158[2]	25.9	588	2,824	20.8

*Unless otherwise indicated. [1]Includes other income. [2]Net income. [3]Includes proportionate interest in unconsolidated subsidiaries or investments. [4]Average assets. [5]Income before security gains or losses. [6]Profit before interest and after taxes. [7]Pretax income. [8]Excludes international transportation. [9]Estimate. [10]Excludes Canada. [11]Continuing operations before taxes. P/D: Profit over deficit. D/P: Deficit over profit. NA: Not available.

The Japanese try harder

The Japanese trading firms and British Petroleum and Royal Dutch/Shell again top this roster. Indeed, ranked by sales, the Japanese and British companies dominate the list, including the runners-up. Almost one-third of the largest foreign companies are Japanese, with a combined total of $657 billion in revenues. The U.K. component includes roughly half as many companies, with less than half of the revenues, some $318 billion.

Further down the nationality ranking come other European countries and Canada. Germany is third with 18 firms, and France is close behind with 17; revenues from each country hover around $200 billion. Also represented, but well below the top four, are Italy and the Netherlands.

For those who believe in the eventual dominance of services over the real producers, consider the following. Our top companies fall into these categories: energy (21), multicompanies (10), automotive (9) and electrical equipment (9). Banking, however, is represented by 23 firms, while there are 9 wholesalers. More important, banks showed the most improvement in revenues, with Bank of Tokyo the star performer—up 36%. The rising sun just never seems to set.

The 100 largest foreign companies

Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
1 Royal Dutch/Shell Group	Dec	$83,809	$3,489	$69,594	$16,934[3]	Netherlands/UK	energy	163.0
2 Mitsubishi Corp	Mar	68,721	149	20,355	2,952	Tokyo, Japan	wholesaler	15.5
3 Mitsui & Co Ltd	Mar	68,184	5	20,405	1,697	Tokyo, Japan	wholesaler	12.3
4 C Itoh & Co Ltd	Mar	55,863	22	15,006	1,124	Tokyo, Japan	wholesaler	10.0
5 Marubeni Corp	Mar	52,199	7	15,612	1,065	Osaka, Japan	wholesaler	10.4
6 British Petroleum Co Plc	Dec	51,353	1,246	42,403	8,682	London, UK	energy	143.4
7 Sumitomo Corp	Mar	48,389	128	10,945	1,238	Osaka, Japan	wholesaler	11.0
8 Nissho Iwai Corp	Mar	34,661	16	9,342	526	Tokyo, Japan	wholesaler	7.8
9 ENI-Ente Nazionale Idrocarburi	Dec	27,525	–1,202	28,810[4]	none[5]	Rome, Italy	energy	144.0
10 IRI-Istituto Ricostruzione Industriale	Dec	24,833	–1,975	48,558[4]	none[5]	Rome, Italy	multicompany	525.3
11 Unilever	Dec	23,134	660	11,725	4,611[3]	Netherlands/UK	consumer goods	283.0
12 TOTAL Group (Française des Pétroles)	Dec	20,040	–81	13,096	485	Paris, France	energy	47.3
13 Petroleos Mexicanos	Dec	19,624	10	34,349	none[5]	Mexico City, Mex	energy	150.0
14 VEBA Group	Dec	19,318	124	12,755	1,957	Duesseldorf, Ger	energy	80.5
15 Petróleo Brasileiro SA	Dec	18,937	577	15,283	398	Rio de Janeiro, Brazil	energy	70.1
16 Nippon Tel & Tel Public Corp	Mar	18,010	1,564	40,165	none[5]	Tokyo, Japan	telecommun	327.0
17 Toyo Menka Kaisha Ltd	Mar	17,656	5	4,991	274	Osaka, Japan	wholesaler	4.7
18 Elf Aquitaine Group	Dec	17,468	537	19,776	1,394	Paris, France	energy	59.1
19 Deutsche Bundespost	Dec	17,335	1,101	33,648	none[5]	Bonn, Germany	communications	485.5
20 Nissan Motor Co Ltd	Mar	17,147	447	11,992	6,042	Tokyo, Japan	automotive	60.2[6]
21 Siemens Group	Sept	16,976	280	14,550	4,406	Munich, Germany	elec equipment	324.0
22 Nippon Oil Co Ltd	Mar	16,852	25	6,867	4,016	Tokyo, Japan	energy	11.7
23 Toyota Motor Corp	June	16,483[6]	606[6]	10,792	12,620	Toyota City, Japan	automotive	56.0
24 Petróleos de Venezuela SA	Dec	16,473	2,539	22,826	none[5]	Caracas, Venezuela	energy	44.4
25 PTT-Postes et Télécommunications	Dec	16,387	NA	90,487[4]	none[5]	Paris, France	communications	483.0
26 NV Philips Lamp	Dec	16,100	162[7]	16,496[7]	1,890	Eindhoven, Neth	elec equipment	336.2
27 Daimler-Benz Group	Dec	16,033	389	9,545	5,036	Stuttgart, Germany	automotive	185.7
28 Kanematsu-Gosho Ltd	Mar	15,954	–7	5,185	175	Tokyo, Japan	wholesaler	4.5
29 Renault Group	Dec	15,846	–216	11,694	none[5]	Boul-Billancourt, Fr	automotive	217.3
30 Hitachi Ltd	Mar	15,799	603	17,374	9,921	Tokyo, Japan	elec equipment	155.6

[1]Revenue is for "group" or consolidated and excludes excise taxes and duties. [2]As of Dec. 31, 1982. [3]Combined market value. [4]Figures for year ended Dec. 31, 1981. [5]Government, privately owned or mutual. [6]Not fully consolidated. [7]Based on current cost accounting. NA-Not available. E-Estimated. P-Preliminary.

General notes: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at a rate of exchange at fiscal year-end. Figures for 1982 were used for those March fiscal-year companies for which 1983 results were not available at press time.

The 100 largest foreign companies

Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
31 Volkswagen Group	Dec	$15,427	$ 96	$10,887	$1,456	Wolfsburg, Ger	automotive	239.1
32 Fiat Group	Dec	15,305	NA	19,039[3]	552	Turin, Italy	automotive	265.0
33 The Electricity Council	Mar	15,261	–153[3]	61,934[3]	none[3]	London, UK	utility	146.7
34 National Iranian Oil Co	Dec	15,000E	NA	NA	none[3]	Tehran, Iran	energy	NA
35 Nichimen Corp	Mar	14,928	6	4,998	256	Osaka, Japan	wholesaler	3.6
36 Matsushita Electric Industrial Co	Nov	14,771	636	12,539	9,491	Osaka, Japan	elec equipment	121.3
37 Tokyo Electric Power Co[6]	Mar	14,576	255	29,610	5,394	Tokyo, Japan	utility	40.1
38 Nippon Steel Corp	Mar	14,420	258	15,176	4,017	Tokyo, Japan	steel	69.6[5]
39 Hoechst Group	Dec	14,418	104	10,976	2,238	Frankfurt, Germany	chemicals	182.2
40 BASF Group	Dec	14,359	113	8,476	2,111	Ludwigshafen, Ger	chemicals	115.9
41 Bayer Group	Dec	14,355	59	12,181	2,429	Leverkusen, Ger	chemicals	179.5
42 Nestlé	Dec	13,626	541	9,505	4,080	Vevey, Switzerland	food processing	141.5
43 Idemitsu Kosan Co Ltd[6]	Mar	13,565	–155	7,437	none[3]	Tokyo, Japan	energy	7.7
44 Barclays Bank Group	Dec	13,510	576	95,329	2,165	London, UK	banking	120.0
45 Electricité de France	Dec	13,276	–1,202	40,695	none[3]	Paris, France	utility	121.8
46 Mitsubishi Heavy Inds Ltd	Mar	13,247	105	16,569	2,604	Tokyo, Japan	indl machinery	95.4
47 Crédit Lyonnais Group	Dec	13,112	122	96,735	none[3]	Paris, France	banking	45.5[5]
48 Banque Nationale de Paris Group	Dec	13,022	184	109,944	none[3]	Paris, France	banking	60.0
49 Thyssen Group	Sept	12,957	–28	7,036	758	Duisburg, Germany	steel	143.9
50 Imperial Chemical Inds Plc	Dec	12,880	254	11,779	3,505	London, UK	chemicals	123.8
51 Nippon Life Insurance Co	Mar	12,256	1,806	28,815	none[3]	Osaka, Japan	insurance	15.1
52 Kuwait Petroleum Corp	June	12,234	1,054	10,792	none[3]	Safat, Kuwait	energy	13.0
53 INI-Instituto Nacional de Industria	Dec	12,225	–928	23,408	none[3]	Madrid, Spain	multicompany	230.0
54 Volvo Group	Dec	12,037	186	6,344	1,252	Gothenburg, Sweden	automotive	75.1
55 National Westminster Bank Plc	Dec	11,760	700	87,969	1,737	London, UK	banking	88.5
56 Peugeot Groupe SA	Dec	11,451	–327	8,761	216	Paris, France	automotive	209.4
57 Midland Bank Group	Dec	11,327	253	77,495	823	London, UK	banking	91.4
58 British National Oil Corp	Dec	11,318	102	537	none[3]	London, UK	oil trading	0.1
59 B.A.T Industries Plc	Dec	11,300E	788	10,402	3,669	London, UK	multicompany	178.0
60 Deutsche Bundesbahn	Dec	10,962	–1,710	25,889	none[3]	Frankfurt, Germany	transportation	332.7
61 British Telecom	Mar	10,915	875	17,587	none[3]	London, UK	telecommun	245.9
62 Royal Bank of Canada	Oct	10,332	292	72,156	1,996	Montreal, Canada	banking	39.8
63 Toshiba Corp	Mar	10,301	195	9,224	3,937	Kawasaki, Japan	elec equipment	103.0
64 ENEL	Dec	10,150P	–1,800P	38,000P	none[3]	Rome, Italy	utility	116.6
65 Bank Hapoalim BM	Dec	10,132	192	22,263	1,764	Tel Aviv, Israel	banking	10.3
66 Cie Générale d'Electricité	Dec	10,012	75E	11,868[5]	none[3]	Paris, France	elec equipment	192.2
67 British Gas Corp	Mar	10,011	275[3]	21,334[3]	none[3]	London, UK	utility	105.8
68 NV Nederlandse Gasunie	Dec	9,999	30	2,963	none[3]	Groningen, Neth	energy	1.8
69 Canadian Pacific Ltd	Dec	9,962	153	14,050	2,091	Montreal, Canada	multicompany	127.0
70 ÖIAG-Österreichische Industrie-verwaltungs AG	Dec	9,854	0	4,099	none[3]	Vienna, Austria	metals	109.6
71 RWE Group	June	9,783	201	10,735	1,918	Essen, Germany	energy	70.1
72 Société Générale Group	Dec	9,471	139	85,742	none[3]	Paris, France	banking	46.5
73 INH-Instituto Nacional de Hidrocarburos	Dec	9,349P	NA	7,237P	none[3]	Madrid, Spain	energy	21.0
74 Petrofina SA	Dec	9,216	265	5,703	1,426	Brussels, Belgium	energy	21.0
75 National Coal Board	Mar	9,040	–819	9,221	none[3]	London, UK	energy	282.0
76 Honda Motor Co Ltd	Feb	8,926	289	5,615	3,438	Tokyo, Japan	automotive	46.2
77 Deutsche Bank Group	Dec	8,737	135	83,808	3,125	Frankfurt, Germany	banking	45.6
78 Dai-Ichi Kangyo Bank	Mar	8,519	159	99,957	4,943	Tokyo, Japan	banking	23.7
79 Banco do Brasil	Dec	8,442	990	60,918	716	Brasilia, Brazil	banking	119.4
80 Maruzen Oil Co Ltd	Mar	8,085	–406	4,369	449	Osaka, Japan	energy	4.0

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The 100 largest foreign companies

Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
81 Lloyds Bank Group	Dec	$8,084	$425	$55,631	$1,234	London, UK	banking	70.2
82 Crédit Agricole	Dec	8,064E[4]	174	98,507	none[5]	Paris, France	banking	70.8
83 Hyundai Group	Dec	8,036	108	6,070	none[5]	Seoul, Korea	multicompany	137.0
84 General Electric Co Plc	Mar	8,012	684	7,212	9,302	London, UK	elec equipment	189.0
85 Tengelmann Group	June	8,000E	NA	NA	none[5]	Muelheim, Ger	retailer	75.8E
86 Indian Oil Corp Ltd	Mar	7,981	120	NA	none[5]	Bombay, India	energy	25.5
87 Canadian Imperial Bank of Commerce	Oct	7,980	229	55,825	1,066	Toronto, Canada	banking	35.0
88 Gutehoffnungshütte Group	June	7,953	20[6]	5,154[6]	613	Oberhausen, Ger	industrial equip	85.9
89 Barlow Rand Group	Sept	7,778	220	5,895	1,490	Johannesburg, S Af	multicompany	236.3
90 Saint-Gobain	Dec	7,760	38	6,733	none[5]	Paris, France	building prods	138.0
91 Bank of Tokyo	Mar	7,736	125	75,736	1,981	Tokyo, Japan	banking	15.0
92 Kansai Electric Power Co	Mar	7,578	222	17,313	3,416	Osaka, Japan	utility	24.5
93 Bank of Montreal	Oct	7,565	210	50,597	1,348	Montreal, Canada	banking	29.9
94 Mitsubishi Bank Ltd	Mar	7,483	177	84,081	4,739	Tokyo, Japan	banking	16.3
95 Sumitomo Bank Ltd	Mar	7,435	248	86,607	4,749	Osaka, Japan	banking	16.0[6]
96 Peninsular & Oriental Steam Navigation Co	Dec	7,362	1	2,447	248	London, UK	multicompany	19.5
97 Bank Leumi le-Israel BM	Dec	7,331	142	23,407	1,586	Tel Aviv, Israel	banking	15.6
98 Fuji Bank Ltd[6]	Mar	7,289	229	87,870	4,739	Tokyo, Japan	banking	17.6
99 Ruhrkohle	Dec	7,251	18	5,770	none[5]	Essen, Germany	mining	134.5
100 Nippon Kokan KK	Mar	7,165	137	10,346	1,795	Tokyo, Japan	steel	37.8

And the 25 runners-up

Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
101 Le Groupe Thomson	Dec	$7,156	NA	$ 7,818[4]	none[5]	Paris, France	elec equipment	128.8
102 Paribas Group	Dec	6,956P	$ 77P	51,584P	none[5]	Paris, France	banking	26.0
103 Krupp Group	Dec	6,890	NA	4,417	none[5]	Essen, Germany	steel	78.2
104 Chubu Electric Power[6]	Mar	6,855	219	10,168	$2,550	Nagoya, Japan	utility	19.8
105 Bell Canada	Dec	6,818	504	10,917	3,721	Montreal, Canada	telecommun	97.9
106 NV DSM	Dec	6,806	–70	3,501	none[5]	Heerlen, Neth	chemicals	28.6
107 CIBA-GEIGY Group	Dec	6,801	344	9,447[7]	2,495	Basle, Switzerland	chemicals	79.4
108 Mannesmann Group	Dec	6,787	108	4,516	1,373	Duesseldorf, Ger	industrial equip	112.6
109 Montedison Group	Dec	6,668	–635	7,506	426	Milan, Italy	chemicals	84.2
110 Sumitomo Metal Inds Ltd	Mar	6,646	173	8,582	1,903	Osaka, Japan	steel	29.7[6]
111 Sanwa Bank Ltd[6]	Mar	6,624	154	76,629	4,739	Tokyo, Japan	banking	17.2
112 British Steel Corp	Mar	6,584	–964	6,869	none[5]	London, UK	steel	112.3
113 Sumitomo Life Insurance Co	Mar	6,551	955	14,979	none[5]	Osaka, Japan	insurance	9.7
114 SNCF	Dec	6,447	–937	15,754	none[5]	Paris, France	transportation	252.4
115 Rio Tinto-Zinc Corp Plc	Dec	6,443	194	10,793	1,952	London, UK	metals	70.3
116 George Weston Ltd	Dec	6,347	53	1,686	389	Toronto, Canada	food distribution	60.0
117 Mitsubishi Electric Corp	Mar	6,335	152	5,407	2,670	Tokyo, Japan	elec equipment	66.0[6]
118 Générale Occidentale	Mar	6,169	41	1,390	228	Paris, France	multicompany	30.2
119 Grand Metropolitan Plc	Sept	6,091	257	5,259	3,231	London, UK	multicompany	129.5
120 Bank of Nova Scotia	Oct	6,077	222	43,748	1,333	Halifax, Canada	banking	26.2
121 Schlumberger Ltd	Dec	6,025	1,348	7,846	13,623	Netherlands Antilles	oilfield services	75.0
122 Schneider SA	Dec	5,976	–54	10,760	35	Paris, France	industrial equip	109.0
123 Samsung Group	Dec	5,967	28	4,641	none[5]	Seoul, Korea	multicompany	97.4
124 South African Transport Services	Mar	5,910	–62	11,549	none[5]	Johannesburg, S Af	transportation	275.6
125 Ruhrgas	Dec	5,800P	120P	2,750P	none[5]	Essen, Germany	energy	3.0

[1]Revenue is for "group" or consolidated and excludes excise taxes and duties. [2]As of Dec. 31, 1982. [3]Combined market value. [4]Figures for year ended Dec. 31, 1981. [5]Government, privately owned or mutual. [6]Not fully consolidated. [7]Based on current cost accounting. NA: Not available. E: Estimated. P: Preliminary.

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A few years ago inflation accounting was a hot topic. Now nobody seems to be interested. That's a mistake.

Out of sight, out of mind?

By Janet Bamford

YOU KNOW THE OLD STORY: The farmer's wife was nagging him about the leaky roof. "I can't fix it now," he said. "It's raining."

"Then why don't you patch it when the weather is nice?" asked his wife.

"It doesn't leak then."

All this comes to mind when you hear members of the financial community talking about inflation accounting. Just a few years ago nearly everyone was clamoring for inflation-adjusted corporate earnings. With inflation running in double digits year after year, the need was clear. So in 1979 the FASB instituted Statement 33, and, for a five-year trial, constant dollar and current cost accounting was required for big companies.

Now the experiment has been under way three years, inflation has slowed and nobody seems interested anymore. In fact, Wall Street has never really paid much attention to the numbers at all. Arthur Young recently surveyed financial analysts to see whether they use the information, which, although unaudited, is included in large companies' annual reports. Only about half the analysts reported that they use the data at all. And cynics say even that estimate is inflated by analysts embarrassed to admit they are ignoring any corporate data.

"Inflation accounting was a hot topic after World War I, then again after World War II, then in the late Sixties," says Allen Seed, a consultant with Arthur D. Little. "Interest heats up when inflation heats up and dies off when inflation does." So, with interest waning, the FASB is considering changing, or even abolishing, the requirements for reporting inflation's effect on earnings.

No doubt there are technical problems with both of the FASB's methods for showing inflation's effect on companies. But if the Board backs down on its move toward inflation accounting, that will be a big mistake. Any system that measures inflation reasonably well is closer to reality than one that ignores inflation altogether. One scary statistic: In 1981, when earnings for 29 of the Dow 30 were adjusted using the current cost method, total operating earnings dropped from $31 billion to $13.8 billion.

But those were the bad old days, right? You would think that 1982's adjusted figures would nearly match the unadjusted numbers. Unfortunately, that's not the way it works. The accompanying table shows how inflation-adjusted figures for fifteen of America's biggest firms still differ substantially from their reported earnings. At AT&T, for example, last year's income from operations of $6.9 billion dropped to $50 million when adjusted for general inflation.

How is this possible? Simple. Say your company bought a widget in 1978 for $1,000. Depreciating it by $100 a year, it's now booked at $500. But inflation has driven up its real value to $2,000. To depreciate it properly, you might want to write off much more than $100 next year. Clearly, one year of low inflation doesn't bring the widget's depreciation into line with reality. "The assets that were brought into the depreciation calculations last year," says Ernst & Whinney partner Norman Strauss, "replace those acquired in 1972—but the 1973 assets are still in there at the old cost. Only after years of zero inflation would it catch up."

Maybe if a miracle happens, and the U.S. can keep inflation under control for a decade or so, accountants can drop their efforts to deal with it. But short of that unlikely event, it's probably best to repair the roof while the sun is shining. ■

The morning after

So you thought that inflation hardly affected earnings in 1982? Wrong. Take a look at how the earnings of the 15 companies with the largest profits in the U.S. fared when adjusted for inflation. These results show both a constant dollar figure, which includes changes in the Consumer Price Index, and a current cost figure, which reflects the companies' replacement costs for specific assets.

Company	1982 net earnings (in millions) as reported	constant dollars	current cost
American Tel & Tel	$6,992*	$ 50	$1,418
IBM	4,409	NA	4,177
Exxon	4,186*	NA	–296
Standard Oil Ohio	1,879	1,448	1,356
Standard Oil Ind	1,826	1,214	990
General Electric	1,817	1,066	1,179
Atlantic Richfield	1,676*	915	789
Shell Oil	1,605*	730	424
Mobil	1,380	–71	–50
Standard Oil Calif	1,377	313	–668
Texaco	1,281	33	–905
Eastman Kodak	1,162	983	1,022
General Motors	963	112	207
Gulf Oil	900	NA	–477
Du Pont	894*	413	554

NA: not available. *Income from continuing operations.

OCG's reasoning is that the Cardiointegraph's results all come from the output of a standard EKG machine. If that machine doesn't provide sufficient information in its original form, it's hardly likely much else will be gleaned from more complicated analyses.

Unless OCG can convince the medical community that the Cardiointegraph is a great advance over what the standard EKG machine provides, the company would seem to face an uphill credibility battle. That, however, doesn't seem to bother the Wall Street enthusiasts. When The Street believes, it *believes*.—**Paul Bornstein**

More, but later

Be careful if you're thinking of buying any of those high-flying technology issues—the ones with a "bio" or a "dia" in the corporate name. They may be in for a fall, and it may take years for the market to reflect their true value again.

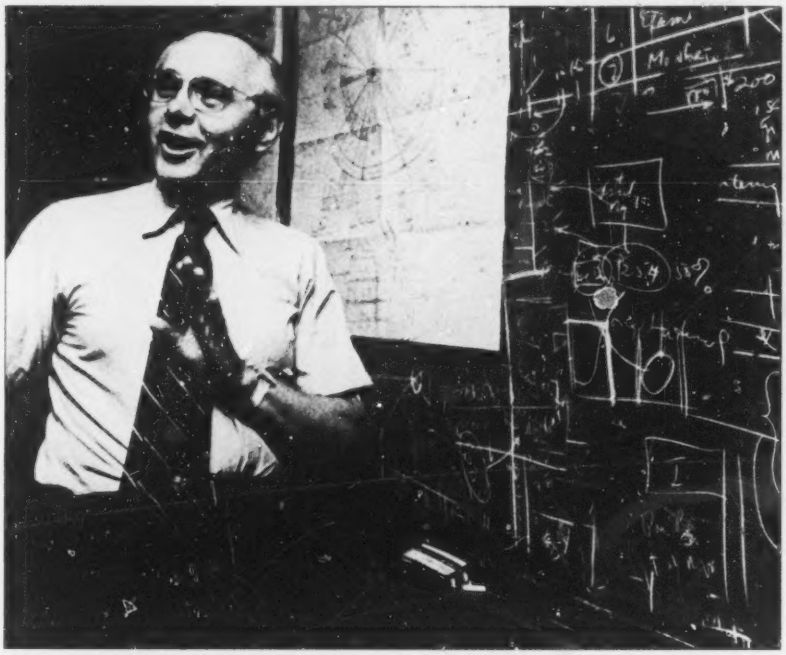
So says George Kozmetsky, who should know. He's been there before in both business and technology, first at Litton, then at Teledyne, which he cofounded in 1960 with Henry Singleton (Kozmetsky still has $112 million in Teledyne stock). He later became dean of the college and graduate school of business of the University of Texas at Austin and left that post last year to run a research center, the Institute for Constructive Capitalism, on the Texas campus. FORBES spoke with him there.

"It's obvious the market's shooting up technology in 1983," Kozmetsky says. "But it's really like this." He raises a finger. "Psst." Then he drops it. The overall investment climate for technology, Kozmetsky says, may be more difficult today than in the past 25 years. "In the 1950s and 1960s," he says, "it never took longer than five years to get to the stage where the market price of a stock reflected the company's real strength. In the 1970s it took seven. In the 1980s I expect it will take ten or more."

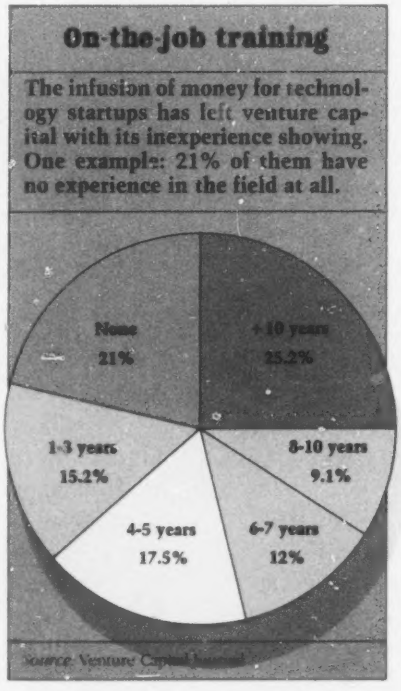
Why? True, venture capital startup money has increased significantly, going from $2.5 billion in 1977 to $6.7 billion in 1982. The problem is that over the last decade venture capitalists have become far more cautious, partly because they were stung by the collapse of the technology glamour stocks of the 1960s. "So investors got impatient," says Kozmetsky. "They said, 'Don't tell me what you did last year, what are you doing now?' " Add to this cuts in federal funding for research and development, which had provided a cushion for many startups. "In 1968 we virtually shut down research and development," Kozmetsky says. "Total U.S. R&D in constant dollars didn't reach the 1968 level again until 1978—and 50% of research is government funded."

In short, the risks increased. "To go from advanced research to commercialization takes about 16 years," Kozmetsky says. "Venture capitalists discovered that if you get in early you might help win a Nobel Prize, but you won't make a lot of money." Without government contracts, banks got leery about providing working capital. If venture capitalists were going to take up that slack, they wanted to minimize their risks. How? "The venture capital began coming in later—in the startup's midlife. That's why it's taking longer to pay off. Anybody who knows a growth curve knows that if you get in at the knee of the curve, you will get a ride. They started investing at that point."

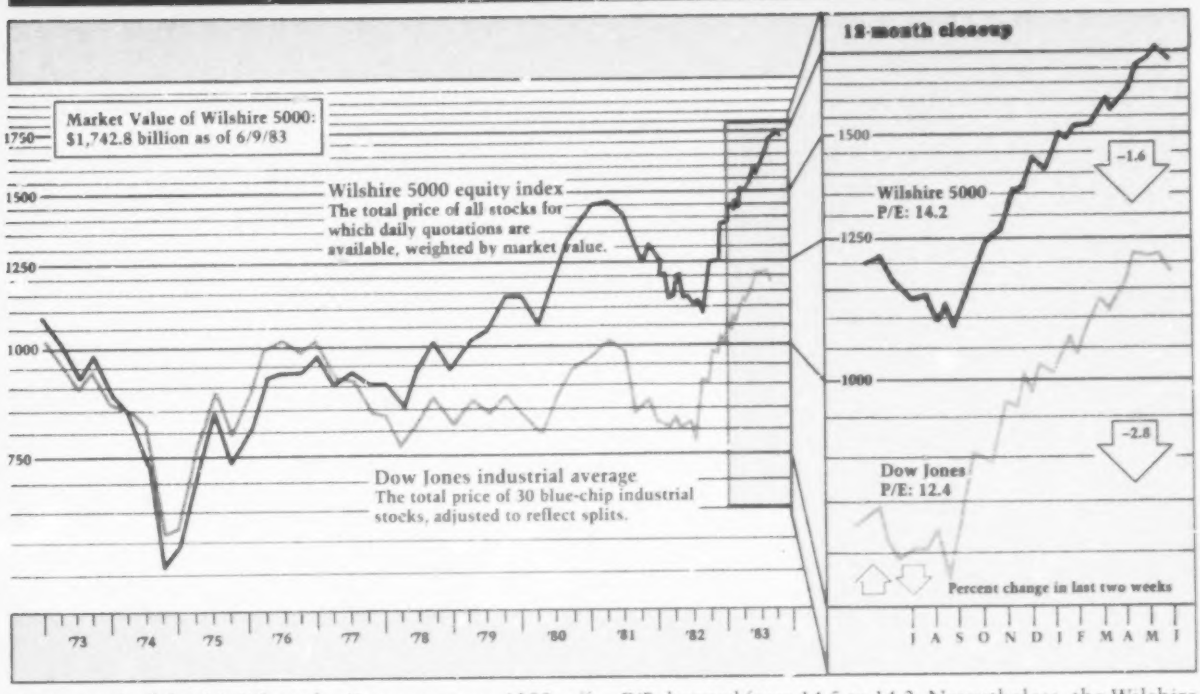
Kozmetsky also points out that more than 35% of the general partners in venture capital partnerships have less than three years' experience (*see chart*), while less than half have over five. "And you're only talking about 1,000 professionals," he says. The jury is still out as to what that inexperience has meant. Still, he says, it must contribute to an aura of uncertainty. And with continuing high federal deficits, high interest rates, an unstable international situation and large financial institutions undergoing great changes, the time it takes for the market to reflect a company's true value may lengthen even more. Kozmetsky's advice to investors: "Be prepared to stay longer. Don't get impatient. These are 'grandchildren' investments. It takes them 18 or 20 years to grow up."—**Robert Teitelman, Toni Mack, Dero Saunders**



George Kozmetsky of the University of Texas
You may win a Nobel Prize, but will you make money?



The Forbes/Wilshire 5000 Review



A moment of doubt. When the Dow goes over 1200, off goes a signal telling investors to take profits. As a result, whenever the Dow hits that level, it generates fears the long-predicted correction is upon us. So far, however, . one of the 1983 setbacks qualifies as a full-fledged retreat.

Over the last two weeks, the Dow industrials led the way down, with a 2.8% loss. The Forbes 500, off 2.2%, followed. NASDAQ issues, meanwhile, were able to eke out a minor 0.4% gain. The Wilshire index shows that equities lost 1.6%, or $15.4 billion, during the period. And the expansion of the market's price/earnings multiple abated, at least temporarily. In two weeks the Wilshire P/E dropped from 14.5 to 14.2. Nevertheless, the Wilshire is still 53.5% higher, and investors are some $631 billion wealthier than they were just 52 weeks ago.

The yardsticks below indicate that losses were generally confined to middle-of-the-road securities and that money was still pouring into more speculative areas. For the last two weeks high-volatility and high-growth shares advanced 9.7% and 9.8%, respectively, vs. much smaller gains for low-volatility stocks and low-growth issues. Small companies gained 11%, vs. 0.4% for top-tier firms. And investors continued to snap up issues priced under $4. Low-price stocks advanced 10%.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–0.1	–1.5	–2.1	–0.8	3.2	3.5
in last 52 weeks	53.5	46.1	48.9	49.0	81.2	82.5

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	0.4	11.0	9.7	1.5	6.8	6.1	1.3	7.2	9.8	1.1	1.9	10.0
in last 52 weeks	57.8	155.7	151.0	58.2	109.2	156.6	51.3	155.6	161.4	60.5	72.8	144.2

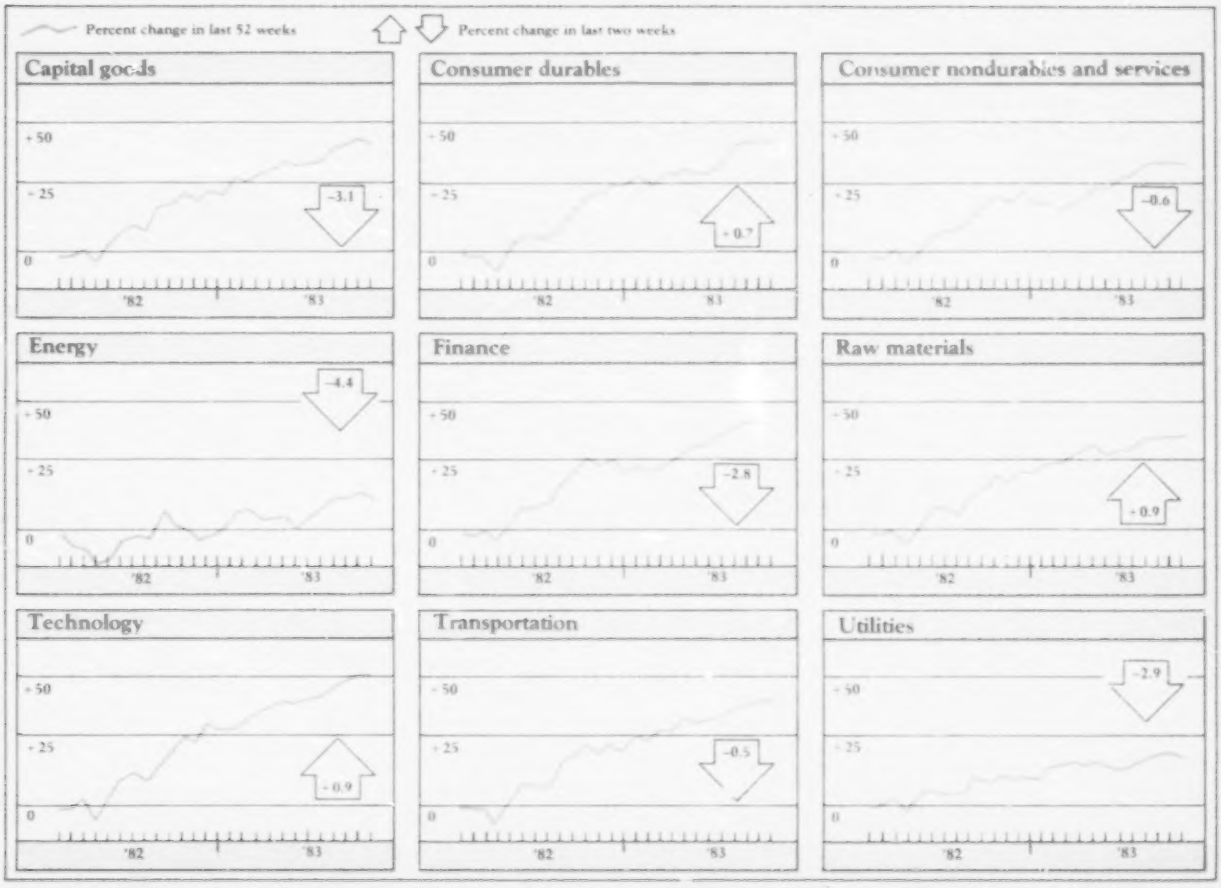
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 6/9/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

A slip in the oil patch. Energy issues led the market down and posted their biggest loss since mid-March. But, then, all sectors lost ground. This time some sectors posted slim gains. The oils haven't been noticeably weaker than other industries since early February. Despite their much-discussed undervaluation, these stocks remain more susceptible than other issues when the averages fall.

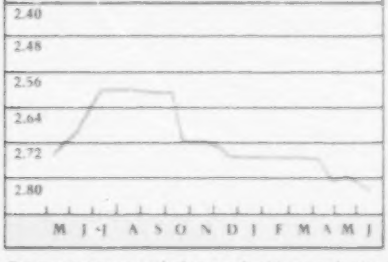
Capital goods, utilities and finance all declined more than the overall market, while the strongest sectors were technology and raw materials, with 0.9% gains. Despite occasional bad days, technology stocks are clearly outperforming other sectors. During the last year this group has gained 98.7%, vs. 81.8% for second-place consumer durables and 15.1% for last-place energy.



What The Analysts Think

Up from the deep. In the last two weeks the buy/sell rankings of several groups advanced. Finance jumped from sixth place to third place and transportation from seventh to fourth. But there was still some bad news: The overall buy/sell opinion of the analysts for the nine Wilshire sectors is becoming more pessimistic.

The experts' consensus



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.70	1	1
2	Energy	2.74	2	2
3	Finance	2.79	6	6
4	Transportation	2.83	7	7
5	Capital goods	2.83	3	3
6	Raw materials	2.84	5	5
7	Consumer nondurables	2.87	8	8
8	Technology	2.79	4	4
9	Consumer durables	2.82	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 6/9/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Right here in the U.S., you can have a piece of the market action from . . .

Over there

By Paul Bornstein

IF YOU ARE LOOKING to diversify your portfolio, is this the time to consider becoming a global investor? An economic upturn in the U.S will greatly increase the prospects of a subsequent worldwide recovery. And, because of higher fixed costs (in some countries you almost can't fire anybody), financial and operating leverage is generally greater. Third, the dollar is now considered overvalued by many international economists. If they're right, and foreign currencies come back into better balance, foreign stocks will get still more leverage from changing exchange rates.

If there are attractions in the overseas stock markets, there are also dangers. This is no simple game. You need to take into account the dangers of inflation, political unrest, civil war, nationalization or even outright confiscation, and the ease of moving funds in and out of a country. Did we mention taxation? Many foreign nations have an automatic 15% withholding tax on dividends, and that's just the beginning of that question. Finally, it is usually harder to keep close tabs on an overseas company than on a domestic firm.

For those who feel the tradeoffs may be worthwhile anyway and want to see what's around, FORBES has listed all the foreign companies traded on U.S. exchanges that are not Canadian (too familiar) and have more than $100 million worth of their stock or American Depositary Receipts (ADRs) trading here.

ADRs are backed by varying numbers of shares on deposit in the country of origin, and ADR prices fully reflect currency exchange. They exist because many countries will not allow stock certificates, which represent ownership of national industries, out of the country. So some companies wanting to serve (or create) an American market arrange with U.S. banks to issue an equivalent.

Drexel Burnham Lambert's international analyst Rein van der Does took us on a quick tour of some of the more prominently represented countries. In Australia, he says, "Share prices aren't likely to make much headway upward because this market is very commodity-sensitive and we are currently in a disinflation scenario.

"But with the Thatcher administration in the U.K., there has been less government spending, lower inflation and a pro-business attitude." Nevertheless, he is cautious. "Although I am positive on the U.K. stock market, the strength of the pound sterling—with its close dependency on the price of North Sea oil—is of some concern."

Van der Does has also been recommending stocks in the Netherlands for the last year and is still bullish there, even though the market has already advanced some 60%. A parliamentary majority held by the center right coalition and the Dutch govern-

Overseas opportunities over here

Not all these 74 foreign securities listed on U.S. exchanges are blue chip stocks, but some might prove to be good investments. About half of the firms have dollar-converted sales over $1 billion, so they can't be considered fly-by-night. Currency fluctuations offer additional leverage, but this can work both ways.

Company*	Industry	ADRs in $US (mil)	Recent price	Revenues (mil)†	Earnings per share†	P/E	Indicated yield	Country
Broken Hill Proprietary	energy	$2,365	7⅛	$4,635	$1.00	7	2.5%	Australia
Santos	energy	891	5⅞	57	0.16	37	0.7	Australia
Minerals & Resources	copper mining	2,228	14	1,445	0.61	23	1.5	Bermuda
Novo Industries A/S	med research, drugs	1,159	59	317	2.44	24	0.5	Denmark
Bank Leumi le-Israel	banking	832	1⅛	7,331	0.05	24	0.0	Israel
Teva Pharmaceutical Inds	drugs	707	6	47	0.04	150	0.3	Israel
IDB Bankholding	bank	396	1⅛	NA	0.14	8	0.0	Israel
Elscint	med instruments	362‡	22¼	103	0.92	25	0.0	Israel
Elron Electronic Inds	computers	135	17⅛	77	0.64	27	0.0	Israel
Scitex	computer graphics	126‡	25¾	51	0.81	32	0.0	Israel
Matsushita Electric Indl	electrical equip	9,685	62½	14,771	4.23	15	0.6	Japan
Hitachi	electrical equip	9,142	33⅛	15,799	1.87	18	0.8	Japan
NEC	electrical equip	4,760	22½	4,760	0.54	42	0.5	Japan
Nissan Motor	automotive	4,011	6⅛	15,289	0.61	10	0.7	Japan
Sony	electrical equip	3,605‡	15⅜	4,446	0.53	29	1.0	Japan

*All figures are converted into U.S. dollars as of the latest reporting period. Market value, recent price and earnings per share reflect ADR or U.S. shares. †Latest available figures. ‡Actual shares, not ADRs. NA Not available. NM Not meaningful. *Sources: William O'Neil & Co., Forbes, International Investors.*

Overseas opportunities over here

Company*	Industry	ADRs in $US (mil)	Recent price	Revenues (mil)†	Earnings per share†	P/E	Indicated yield	Country
Ito-Yokado	retailer	$3,393	19¾	$3,817	$1.01	20	1.3%	Japan
Fuji Photo Film	photo equip	3,117	16⅞	2,554	1.36	12	0.1	Japan
Honda Motor	automotive	2,956‡	34⅜	8,926	3.57	10	1.0	Japan
Tokio Marine & Fire Ins	insurance	2,706	99½	2,322	5.72	17	0.9	Japan
TDK	electrical equip	2,407	44	1,292	2.30	19	0.6	Japan
Canon	photo equip	2,145	31⅛	2,418	1.36	23	0.6	Japan
Kyocera	electrical equip	2,090	50	638	1.57	32	0.6	Japan
Kubota	farm machinery	1,862	28	2,406	0.84	33	1.9	Japan
Mitsui & Co	wholesaler	1,506	30⅞	68,184	0.36	86	0.9	Japan
Pioneer Electronic	electronic equip	1,354	23	1,255	–0.43	NM	0.7	Japan
Kirin Brewery	consumer goods	1,144	17¾	4,306	1.22	15	1.3	Japan
Shiseido	consumer goods	833	20	1,362	1.14	18	0.8	Japan
Makita Electric Works	electrical equip	452	24⅜	278	1.35	18	1.2	Japan
Daiei	retailer	127	4⅞	5,440	–0.11	NM	1.8	Japan
Telefonos de Mexico	utility	233	¾	NA	0.44	2	28.3	Mexico
Tubos de Acero de Mexico	steel piping	105	1⅞	276	0.62	3	0.0	Mexico
Royal Dutch Petroleum	energy	11,224‡	41⅞	43,866	8.08	5	6.9	Netherlands
Philips Lamp	electrical equip	2,935‡	16¼	16,100	0.91	18	3.5	Netherlands
Unilever	consumer goods	2,225‡	69½	23,134	10.03	7	6.3	Netherlands
KLM Royal Dutch Airlines	airline	197‡	49⅛	1,698	–0.14	NM	0.0	Netherlands
Advanced Semicond Matls	electrical equip	164	28¼	55	0.30	94	0.0	Netherlands
Atlas Cons Mng & Dev B	copper mining	293‡	3½	222	–0.24	NM	0.0	Philippines
Benguet Cl B	gold mining	110‡	9	233	0.59	15	0.0	Philippines
Anglo American S Africa	gold mining	4,859	21½	953	2.64	8	4.0	S Africa
Driefontein Consolidated	gold mining	3,455	33⅞	830	3.15	11	5.5	S Africa
De Beers Consol Mines	precious metals	3,125	8⅜	1,468	1.14	8	3.2	S Africa
Anglo Amer Gold Inv	invests gold mining	2,640	120¼	187	8.02	15	5.6	S Africa
Gold Fields S Africa	gold mining	2,300	141	163	7.26	19	2.7	S Africa
Vaal Reefs Explor & Mng	gold mining	2,266	119¼	993	14.63	8	6.3	S Africa
Western Deep Levels	gold mining	1,513	60½	527	7.27	8	5.3	S Africa
Kloof Gold Mining	gold mining	1,504	49¾	305	4.02	12	4.5	S Africa
President Steyn GM	gold mining	816	56	273	6.19	9	7.3	S Africa
Western Holdings	gold mining	778	54¼	478	9.50	6	9.8	S Africa
Buffelsfontein GM	gold mining	718	65¼	331	7.23	9	6.5	S Africa
President Brand GM	gold mining	695	49½	278	6.98	7	8.7	S Africa
Free State Geduld Mines	gold mining	532	51	280	11.06	5	6.4	S Africa
Palabora Mining	copper mining	481	17	232	0.92	18	1.8	S Africa
St Helena Gold Mines	gold mining	436	45¼	275	10.58	4	7.8	S Africa
Blyvooruitzicht GM	gold mining	405	16⅞	211	2.70	6	9.5	S Africa
Highveld Steel & Vanadium	steel prod	374	5½	325	0.57	10	5.0	S Africa
Welkom Gold Mining	gold mining	372	14⅛	NA	NA	NA	9.3	S Africa
LM Ericsson Tel	telecom	2,002	61¼	2,972	2.39	26	1.3	Sweden
AB Fortia	drugs	1,535	79¾	264	1.73	46	0.2	Sweden
Biogen	drugs	306‡	16½	20	–0.31	NM	0.0	Switzerland
British Petroleum	energy	10,900‡	24	51,353	2.18	11	6.5	UK
Shell Transport & Trdg	energy	9,115‡	33	29,244	4.29	8	5.8	UK
Glaxo Holding	drugs	4,599	13⅜	1,533	0.48	28	0.9	UK
Imperial Chemical Inds	chemicals	4,381	7⅜	12,880	0.48	15	4.5	UK
Beecham Group	drugs	3,803	5⅞	2,701	0.36	16	2.4	UK
B.A.T Industries	multicompany	3,078	9⅛	11,300	2.07	4	5.0	UK
Plessey	telecom	2,670	110	1,665	5.26	21	1.6	UK
Imperial Group	consumer goods	1,386	2	7,145	0.25	8	6.0	UK
Bowater	paper, paper prods	533	3⅛	2,302	0.28	12	4.1	UK
Rank Organisation	office equip	486	2⅜	1,038	0.20	12	5.5	UK
Courtaulds	chemicals	410	4½	2,966	0.18	8	3.5	UK
Fisons	agrichemical	373	10	526	0.58	17	2.1	UK
Tricentrol	energy	259	6¾	151	0.51	13	4.4	UK
Dunlop Holdings	tire & rubber	163	1¼	2,705	–0.33	NM	0.0	UK
Dresdner Bank	bank	1,164	68½	NA	NA	NA	1.7	Germany

*All figures are converted into U.S. dollars as of the latest reporting period. Market value, recent price and earnings per share reflect ADRs or U.S. shares. †Latest available figures. ‡Actual shares, not ADRs. NA: Not available. NM: Not meaningful.

Source: William O'Neil & Co. FORBES, *International Investors*

ment's proposals to lower corporation taxes from 48% to 40% in 1984 and abolish double taxation of dividends all add up to a positive outlook, in his opinion.

South African gold mining shares are a perennial favorite, according to John Van Eck, president of International Investors, a mutual fund 80% invested in gold mining shares. "Gold mining shares have done much better than gold itself," Van Eck notes. Many have doubled or better in the past year. Shares in Van Eck's fund went up from $6.40 net asset value to $14.29, a 123% increase, while gold went from $300 an ounce to $400 an ounce, a gain of 33%. Of course, you have to live with South Africa's political problems and the fact that the dividends, usually semiannual, generally vary with the recent price of gold.

Next to the U.S., Japan has the second-largest stock market in the world, based on market capitalization. Therefore, it is not surprising that it is the most popular country for foreign investing. David Gong, vice president of Rowe Price-Fleming International, which manages the T. Rowe Price International Fund, has put half of that fund into Japanese securities. He argues that the Japanese economy is now showing signs of economic recovery and the yen is undervalued relative to the dollar.

One of Gong's favorites is Fuji Photo Film. Fuji has a 70% share of the domestic market in Japan but only 5% in the U.S. "They are now aggressively promoting their product in the U.S., and Fuji is the official film of the 1984 Los Angeles Olympics," says Gong *(see* FORBES, *Nov. 22, 1982)*

As more research and information becomes available on foreign securities, more U.S. investors are nibbling. "Wall Street has been slow to meet the demand for foreign stocks," says John Abbink, international analyst at Merrill Lynch, "but business certainly has been terrific here in the first part of this year."

Will U.S. investors continue to smile on foreign stocks? "If interest rates go back up," says Abbink, "it will cream whatever chance of a recovery there was overseas and probably many investment prospects in the short term." Of course, higher interest rates would also dampen investor enthusiasm for U.S. stocks. That's the short term. Long term, foreign stocks are likely to become an ever more familiar piece of investors' global village. ■

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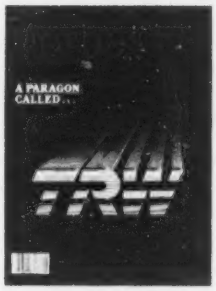
July 18, 1983
Volume 132,
Number 2



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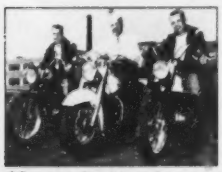

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Illustrations and Charts:
73, Laszlo Kubinyi; 91, 98, Chas. B. Slackman; 128, Tim Lewis; 196, 107, 130, Bob Conrad; 142, Phil Huling, homage to Edvard Munch; 160, Peter Kuper; 170, Bergman Habe Design

Cover Illustration: Roger Metcalf

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1983 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

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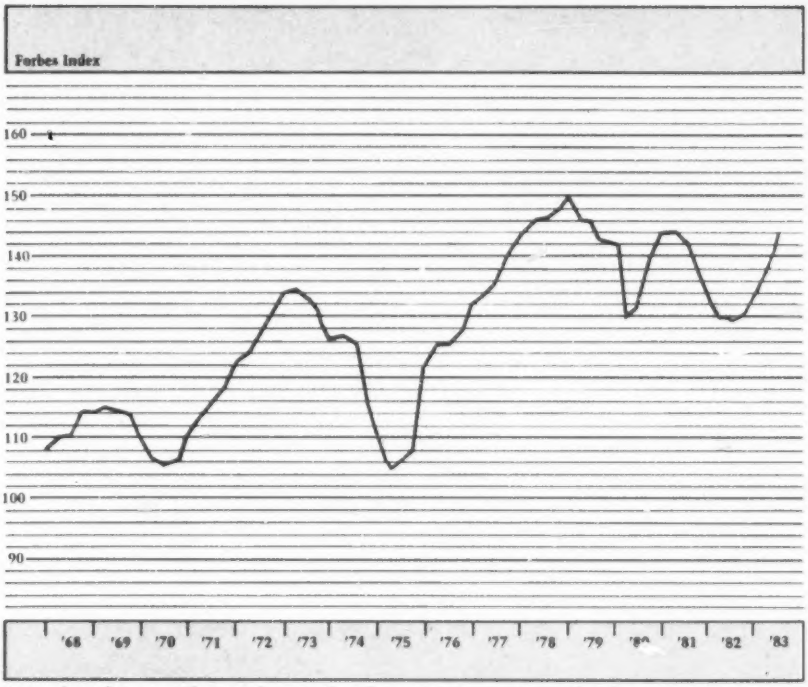
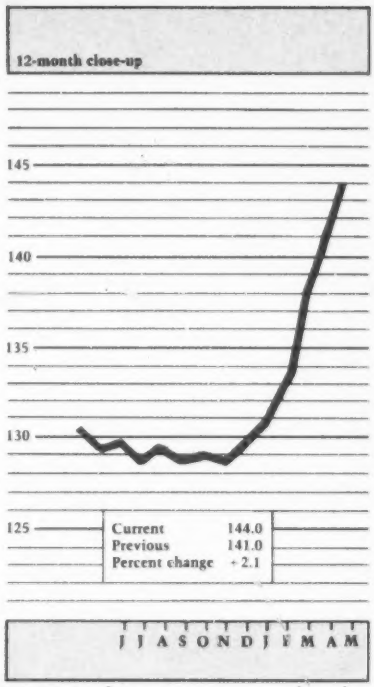
The Forbes Index





Keeping it up. The Forbes Index has run its string of consecutive advances to seven, registering a strong 2.1% gain. Good news is coming from both the business and consumer fronts. In fact, all of the indicators are flashing a bright green.

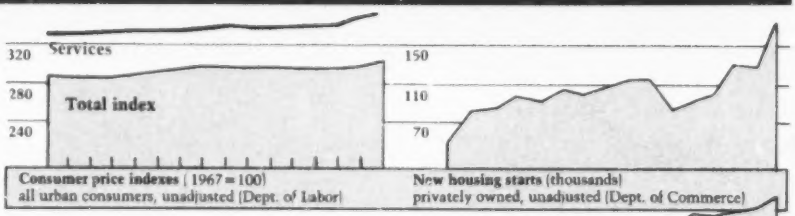
Industrial production was up 1.1% during the latest reporting period, following a 2% gain in April. New housing starts were up 27.7%. One reason consumers are buying is a 1.6% rise in personal income, compared with a 0.9% rise a month earlier.

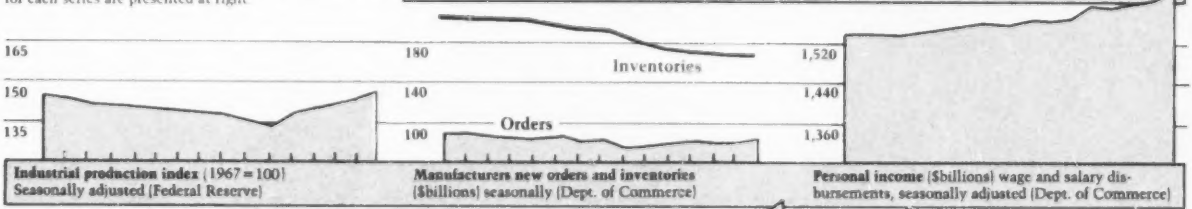
Consumers also were spending on items other than housing. Installment credit was up by 0.7% and that contributed toward a sharp 2.1% rise in retail store sales. Even the 0.5% rise in the Consumer Price Index was good news since it was small and is probably temporary, caused by a seasonal increase in gasoline prices.

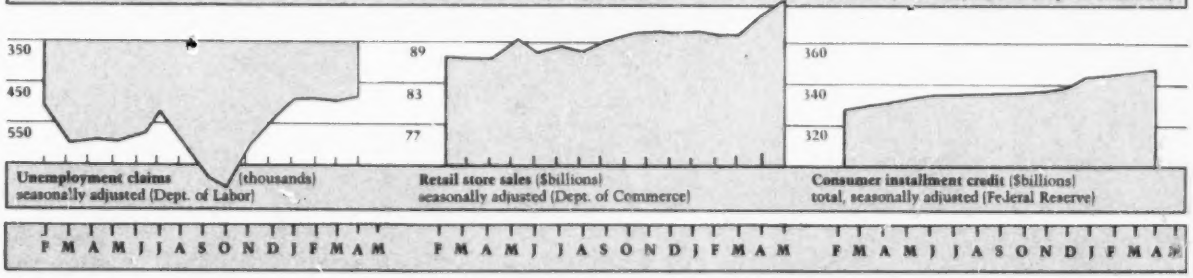
The Forbes Index Components

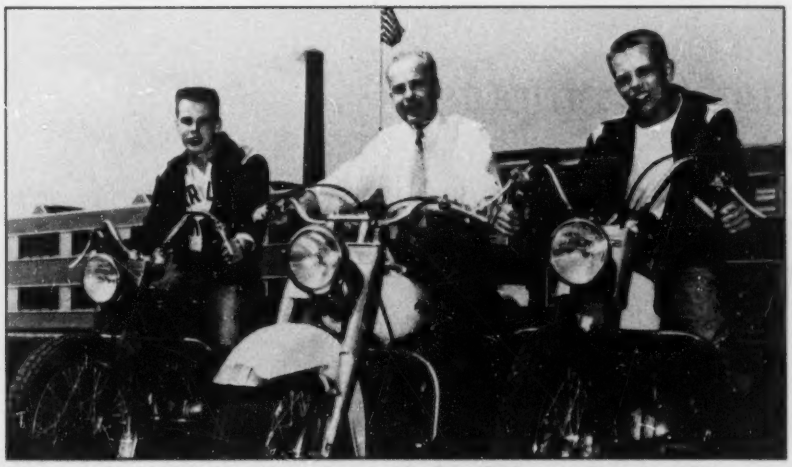
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.









Willie Davidson (right) *and his father and brother (both retired), early 1950s*
It helps to have motorcycles in your blood.

ley eked out a small profit in the first quarter of 1983 and is expected to break even for the year. To buy time in the marketplace, they got a temporary additional tariff out of Washington—maybe it got more notoriety than it deserves—that starts at 45% and drops to zero in 1988. No cure, but a sporting chance.

The new Harley FXR series, released in 1982, gets high praise from motorcycle magazines—rare for Harley in the AMF past. Willie and Vaughn are now working on a stream of upgrades for other models.

And they have one big advantage: staying in very close touch with their clientele. They have the well-coordinated Harley Owners Group (H.O.G. for short). Davidson, Beals and other key Harley executives bike to motorcycling events and dealers around the country. "I can't imagine the president of Honda touring the country to find out what people think of his bikes," says Willie.

It helps to have motorcycles in your blood. "This is an irrational, emotional, hobby, sport-type business for which you need a sixth sense," sums up Willie Davidson. By which he means cycles are cyclical, seasonal, highly competitive and vulnerable to changing style, taste and technology. And that's in the good years.

Davidson shows a visitor into his cork-paneled, memento-decorated office in Harley's third-floor design studio. It looks like a motorcyclist's fantasy. ("I like working in the dark," he says of the black venetian blinds.) He lays out the strategy and the problems, which are big. Harley badly needs a brand-new model in both its traditional market and the 750cc to 900cc bikes, the next smaller and less-expensive range below the "hogs." And it must have a powerful, high-volume-production, low-cost engine.

The model is already there, still carefully under wraps and dubbed NOVA. And Harley even has the engine, designed by Porsche but not yet produced. "This bike will get us a bigger piece of the market," says Willie. "NOVA more than matches the Japanese." The Porsche engine is a godsend: It saves years of design time and is something Harley's market will buy. "There are a lot of guys who would rather chop off a finger than ride a Japanese bike," says an understandably biased Harley parts-manager about Japanese-built engines.

There's just one problem: where to get the $15 million to $18 million to put NOVA out onto the streets. And get it fast because, if the check came tomorrow, it would take two years to get the new bikes into Harley showrooms. The five-year tariff is on a sliding scale, and the minutes keep ticking away on Willie's Harley-emblemed custom quartz Omega watch. Their personal fortunes don't extend to another $18 million.

If they solve that problem, Willie Davidson and Vaughn Beals will put their machines back into close contention and cut the price premium down to what they think the product deserves. Until then, they have to be rated a long shot. Maybe a very long shot. Willie fiddles with a heavy gold ring that might imprint the Harley-Davidson emblem on some Yamaha dealer's jaw if Willie weren't a soft-spoken family man. He remembers jumping in two years ago with no certainty that they could get as far as they already have. ■

If you think the breakup of AT&T means opportunity for telephone equipment makers, think again. The market is already overcrowded.

Shakeout in progress

By Joan A. Briggs

THERE'S LOTS MORE MONEY yet to be lost in the telecommunications industry. Sure, the industry is appealing. It is huge. Nearly $4 billion worth of telephone switches alone were sold last year, to say nothing of transmission equipment, earth stations, cellular radios. It is glamorous. It seems to be wide open with the AT&T breakup. And it is growing—perhaps not as fast as in the early years of competition, but there is plenty of equipment out there that needs replacing as automated work stations displace telephones and typewriters in offices around the country.

But for a good many companies the promise of telecommunications, specifically of the switch business, will probably prove illusory. Indeed, the shakeout has already begun.

TRW, for example, which purchased Vidar back in 1975, dropped out of the business this year *(see p.*

Will today's winners be tomorrow's?

There is no standing still in the telephone-switching business. Below, market share data from 1980 and 1982 for the top companies in five market segments—key systems, small, medium and large PBXs and digital central office switches. Note the changes over two years. Next year the names and numbers could well be different.

Supplier	Key telephone systems		PBX under 100 lines		PBX 100-400 lines		PBX 400 + lines		Digital central office	
	1980	1982	1980	1982	1980	1982	1980	1982	1980	1982
Western Electric	54%	39%	25%	7%	51%	33%	60%	29%	0%	0%
Northern Telecom	2	3	6	4	5	13	14	23	45	60
Rolm	NA	NA	8	11	17	20	5	9	NA	NA
Mitel	NA	NA	21	36	*	2	0	0	NA	NA
Siemens	NA	0	9	10	3	4	0	*	NA	NA
Fujitsu	NA	NA	5	6	3	6	0	0	NA	NA
United Technologies	NA	NA	*	0	*	1	2	9	NA	NA
Plessey	NA	NA	*	*	0	0	0	0	22	16
ITT	17	19	*	4	*	0	*	0	12	8
NEC	4	5	3	5	2	3	3	8	12	10
TIE/communications	8	16	NA	NA	NA	NA	NA	NA	NA	NA
Iwatsu	3	6	NA	NA	NA	NA	NA	NA	NA	NA
Others	12	12	23	17	19	18	16	22	9	6
Total	100	100	100	100	100	100	100	100	100	100

*Less than 1%

Source: Northern Business Information

102). More recently Rockwell International decided to get out, looked for a buyer for a chunk of its Wescom subsidiary, which it purchased in 1980, and when one didn't materialize, closed the doors.

General Dynamics did find a buyer when it decided to exit the business. It sold most of its Stromberg-Carlson unit to United Technologies, which in turn sold the central office portion of SC to Britain's Plessey.

Another dropout was Datapoint. It had announced its intention to produce a digital switch three years ago and put together a special team to develop it. But the company threw in the towel in May. (To date, despite all the talk about the coming together of telephones and computers, no data processing company has succeeded in the switch market, and no telephone equipment producer has succeeded in data processing. One of the few companies equally strong in both of these areas is Nippon Electric, but, as Francis McInerney, vice president of Northern Business Information, a market research firm, points out, even that company has not yet put it all together.)

Despite the bloodletting, life hasn't gotten any easier for the survivors. If anything, it is even more competitive than before. At the moment, as the chart above makes clear, it's still possible to think in terms of market segments and leaders against Western Electric in those segments. Consider PBXs, or private branch exchanges, the switches located on customer premises. Mitel is clearly the leader in the small PBX market, Rolm in the midsize market and Northern Telecom in the large-size PBX market. Northern Telecom is also the leader in the digital central-office switch market. TIE/Communications, which sells equipment made by Japan's Nitsuko, and ITT are the ones to beat in key systems (push-button telephones with several lines). But the picture is not likely to remain static. Market positions could continue changing as rapidly as they did between 1980 and 1982. NEC, for example, has continued its gains this year, as has United Technologies. A relative newcomer nurtured by Exxon called Intecom has also made gains.

The current leaders aren't sitting content. They are attacking each other's markets and price-cutting like mad. Their goal is to gain as much market share as possible now before the AT&T subsidiaries, Western Electric and/or the new American Bell, get their acts together and devise strategies to protect and increase their remaining market share.

Price-cutting, of course, is not peculiar to the telephone switching market. But the PBX makers have another big reason to do it. If, as every one of them predicts, the PBX becomes the hub of automated offices, a sale today could mean plenty of add-on equipment in the future.

Neither the casualties nor the price-cutting has dissuaded newcomers. Some well-established European companies, such as France's CIT-Alcatel and Thompson-C.S.F., Britain's Plessey and Sweden's L.M. Ericsson, have entered the market, as have some younger homegrown startups: CXC, set up in 1981 in Irvine, Calif., promising deliveries this fall, and Ztel Corp. of Andover, Mass., next spring.

The newcomers are betting they can build a better mousetrap—that the switch they envision will be so much better than those "old technology" switches from the Seventies that the world will beat a path to their door. Trouble is, as both Mitel and ITT have found out, the new switch is no easy thing to build. Both companies have had to announce delays, and ITT will spend nearly $1 billion on its project.

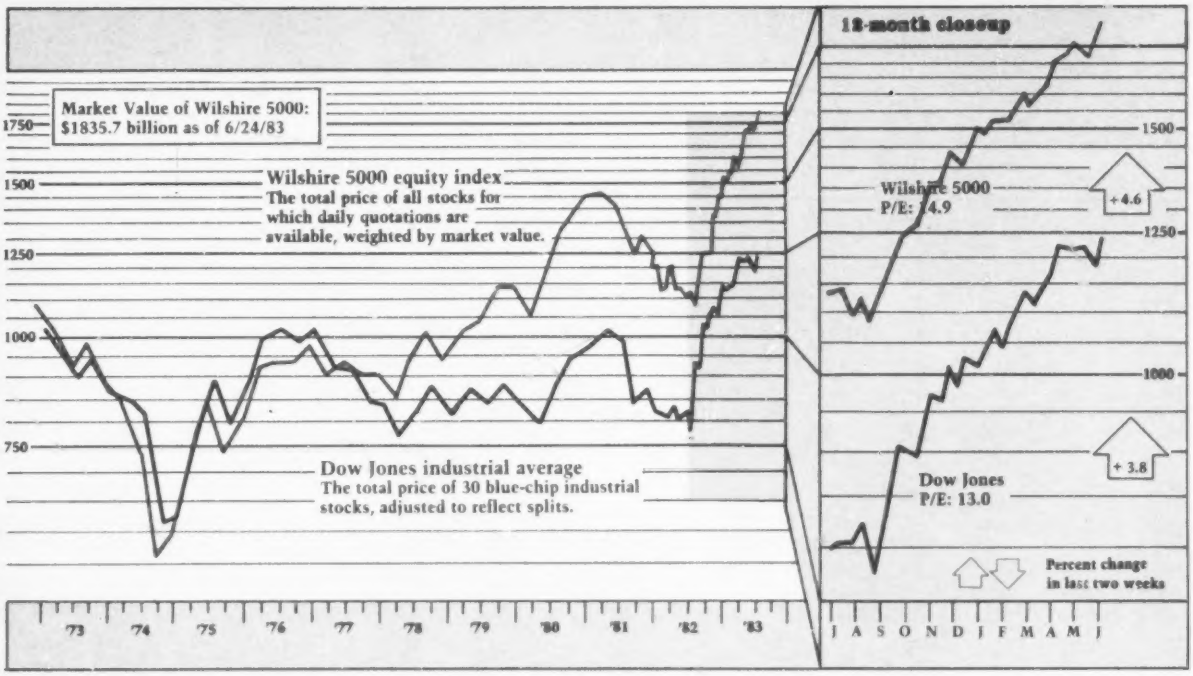
The idea is to leapfrog the established companies technologically. But do customers care? Some market watchers are convinced that customers now are far more interested in reliability and service than in faster and more versatile switches.

If that's true, the race could go to the likes of Northern Telecom and Rolm, which, of course, was recently blessed when IBM purchased 15% of its shares.

Or not. There are plenty of other people out there trying to take it away from them.

That's the trouble with markets so clearly on the side of history that practically everyone is aware of them. These companies may be first-rate outfits. Some are superb. But you should think hard before shelling out 40 times earnings for any of them. ■

The Forbes/Wilshire 5000 Review



Breaking more records. All major indicators hit new peaks, then had minor setbacks during the most recent two-week trading period. Nevertheless, the market shows handsome gains for both the two- and four-week stretches. Bargain hunting in the energy sector powered the Amex to a 5.9% two-week advance. In comparison the Dow added a more modest 3.8%, while the NYSE, Forbes 500 and Wilshire 5000 all sported gains of 4.6%. The price-to-earnings multiple on the Wilshire, up 4.9%, rose even faster than the index. Thus corporate earnings are still not rebounding as strongly as stock prices. When second-quarter reports are released, investors will get a chance to respond to this discrepancy.

The bull market is now approaching its first anniversary, and it has racked up some impressive statistics. According to the Wilshire index, the overall market is up 62.4%, and some $717 billion in capital has been created over the last 52 weeks. The Dow and Forbes 500 are nearly 55% higher, while Amex and NASDAQ issues are ahead 95.2% and 92.9%, respectively. Last year at this time it was easy to find stocks that were fundamentally underpriced. But with the average issue up more than 60%, and many with substantially greater gains, selection these days is much more difficult.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	4.1	3.5	2.1	3.8	6.3	5.4
in last 52 weeks	62.4	54.5	54.6	57.6	95.2	92.9

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	3.6	7.7	9.9	0.7	7.5	5.5	0.8	7.4	8.3	1.4	5.1	6.9
in last 52 weeks	65.6	169.3	169.9	62.2	125.6	167.0	54.6	170.3	177.8	64.5	81.9	161.5

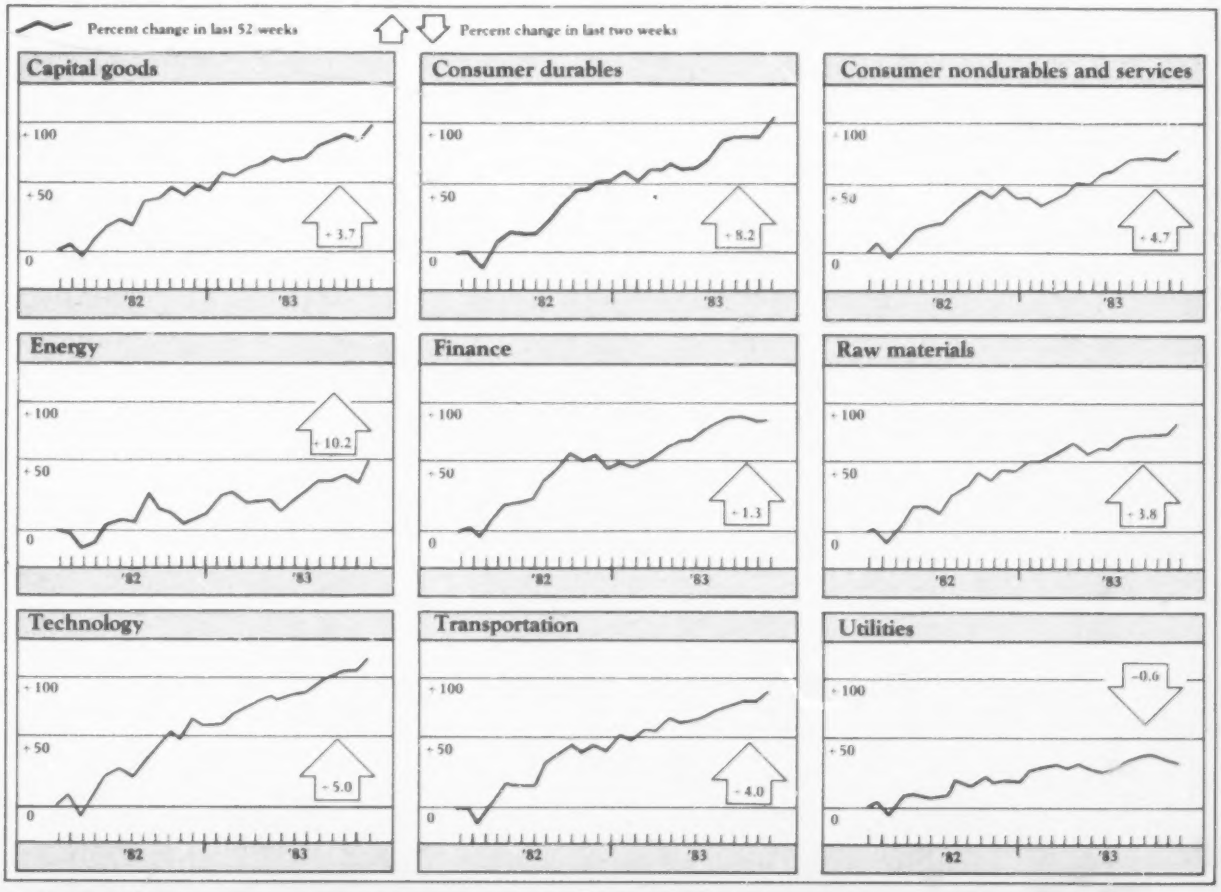
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 6/24/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

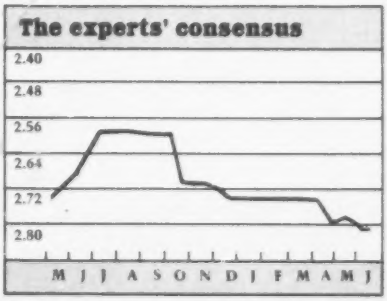
Problem in power alley. Electric utilities, off 0.6%, were the only stocks not shining brightly during the last two weeks. In fact, this group now lags the other eight sectors in 52-week performance, even though utilities led the other groups in rebounding from their bear market bottoms. For the last 52 weeks utilities are up 25.4%, vs. 107.3% for technology shares.

After recent weakness, energy stocks resumed their winning ways. For the two-week period the oil issues led all other sectors with a 10.2% gain. Energy shares are now 32.2% higher than they were one year ago. Consumer durables also did well, with an 8.2% advance. This sector got a lift from Detroit's impressive sales figures, which made investors eager to own auto stocks.



What The Analysts Think

What do they know that we don't? As technology stocks continue to roar ahead, institutional analysts continue to place them near the bottom of their buy/sell recommendations. Meanwhile, the analysts have utility shares at the top of their lists, even though this group has not been keeping pace with the market.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.70	1	1
2	Energy	2.74	2	2
3	Finance	2.80	3	6
4	Transportation	2.82	4	7
5	Capital goods	2.83	5	3
6	Raw materials	2.84	6	5
7	Consumer nondurables	2.85	7	8
8	Technology	2.87	8	4
9	Consumer durables	3.06	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 6/24/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Statistical Spotlight

The Dow has been on a blistering hot streak since last August, and this market is already headed for the Hall of Fame. Isn't it overpriced yet?

Out of the ball park?

By Paul Bornstein

"IT'S A WHOLE NEW ball game," declares Bill LeFevre of Purcell, Graham. "Historically, this market is cheap, even though there are still a lot of doubting Thomases out there who still don't believe—even after the Dow has gone up some 450 points."

Hope or hype? Reasonable forecast? Or wishful thinking?

FORBES took a look at each major market cycle since 1934 from low to high. Recalling the old adage that the market is usually about six months ahead of earnings, we used the 12-month earnings concluding one quarter later than the dates of the market lows and highs.

If the hard-swinging losers like Bethlehem Steel and International Harvester are included, the Dow is selling at around 130 times earnings. This creates a distortion of the P/E not seen since the Depression. But eliminate the unprofitable firms, and the Dow multiple is about 13.

Only last August the Dow sold at 8.3 times earnings, and some investors are having difficulty accepting the present level. But the P/E on the Dow has ranged widely *(see table)* over the years, from as low as 6.2 to as high as 21.9. The average multiple since 1934 has been around 14.

Generally, P/Es are highest at the top of market cycles and lowest at the bottom. Two notable exceptions: 1934-37 and 1971-73. In the first case the market was recovering from the Depression, and earnings spurted up 206%. Stock prices didn't recover that fast, so the P/E fell from 21.9 to 16.2.

In 1971-73 the P/E fell to 13.6, from 14.1, while earnings rose some 37% after the 1970 recession. But the excitement then was with the glamour growth issues (remember "one-decision" stocks and the Nifty Fifty?) rather than Dow stocks.

In a sense there was just one great bull market that started in postwar 1949 and peaked at 995.2 in 1966. True, there were bear markets—marking the end of the Korean War and the Eisenhower recession, for example—but each bear market bottom was higher than the previous bottom and each bull peak higher than the previous one.

But in the 1970s and early 1980s P/Es slumped to single-digit levels. Investors perceived added risks from inflation, Vietnam, social unrest and the energy crisis. Not to mention higher capital gains taxes. The New York City financial crisis and other revelations of bad judgment eroded confidence. And stock buyers had a harder time evaluating firms because of accounting gimmicks on items such as inventory and pension funding. During this time the Dow traded between 550 and 1000. But LeFevre argues this market ended last August and that the new market is much like the one that started in June 1949.

If he's wrong and the multiples of the 1970s prevail in the 1980s, the few bears left will prove to be vindicated—and in spades.

But what if the bulls have it right? What if inflation, interest rates and investor confidence all trend back to the levels that prevailed for nearly 40 years before the era of stagflation?

Norman Fosback, editor of *Market Logic*, sums up: "Earnings will move sharply higher as the economy recovers, and P/E ratios will continue to expand. Thus there will be a dual upward pressure on stock prices."

So just how high can this market go, anyway? If we use Bill LeFevre's Dow earnings forecast for 1983 of $90 to $100 and the average bull market peak P/E of 15.8, the present market could yet move to a range of 1422 to 1580 on this year's earnings. But then there's 1984, which could be better. With low inflation, LeFevre thinks the P/E could go higher than 15.8.

For bears using 1970s multiples, of course, a 100-point or 200-point drop is indicated.

So pray for a return to the good old days. ■

Winning streaks

The strongest of the last 13 bull markets gained 128.7%. Although the current bull market is already up 60% in less than one year, the DJIA's current P/E of 13 still looks cheap relative to many past cycles.

Market cycle		—Bear market— low		—Bull market— high		DJIA
Low	High	EPS	P/E	EPS	P/E	% increase
7/26/34	3/10/37	$ 3.91	21.9	$11.97	16.2	127.3%
3/31/38	9/12/39	7.74	12.8	9.11	17.1	57.6
4/28/42	5/29/46	9.21	10.1	11.56	18.4	128.7
6/13/49	1/5/53	24.66	6.6	26.93	10.9	81.8
9/14/53	4/6/56	27.23	9.4	33.65	15.5	103.9
10/22/57	1/5/60	32.56	12.9	31.26	21.9	63.3
10/25/60	12/13/61	29.53	19.2	34.11	21.5	29.8
6/26/62	2/9/66	35.52	15.1	56.23	17.7	85.7
10/7/66	12/3/68	56.67	13.2	59.34	16.6	32.4
5/26/70	4/28/71	51.83	12.2	53.43	17.8	50.6
11/23/71	1/11/73	56.76	14.1	77.56	13.6	31.8
12/6/74	9/21/76	93.47	6.2	96.72	10.5	75.7
2/28/78	4/27/81	91.37	8.1	123.32	8.3	38.0
8/12/82	—	93.55*	8.3*	—	—	—

*Projected from those companies in the DJIA that have positive earnings.

Though far from a sure thing, the wheat versus corn spread described below has only infrequently disappointed traders.

AGAINST THE GRAIN

By Stanley W. Angrist

Spread traders, like folks who follow the ponies, have their favorites. One trade that is tracked by most spreaders year in and year out is long December wheat/short December corn. The rationale behind the spread is simple. Both corn and wheat prices have a tendency to decline during their harvest periods. The spread is put on during or just after the winter wheat harvest, normally in late spring or early summer, and it is lifted just after the corn harvest the following fall, in early November. So the wheat side of the trade is being bought when wheat should be near its seasonal low, and the short corn side of the trade is being covered when it should be near its seasonal low. By the time the trade is lifted, wheat should have recovered from its harvest glut and its prices should be on the rise.

The table gives the statistics for the spread since 1968. The data can be a bit misleading as presented. I think it is more realistic if the largest gain of $1.24 per bushel (made in 1973) and the largest loss of 90.98 cents (in 1976) are both thrown out. With those extremes aside, the average gain over 11 years becomes 32 cents, while the average loss for two years is only 8 cents.

Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

Recently wheat has been in a blue funk, primarily because the crop looks so good. Above-normal rainfall in May, accompanied by below-normal temperatures, created an estimated yield of more than 40 bushels per acre, compared with last year's 36.1 bushels. On the corn side, there has been good commercial interest in owning futures contracts for the current crop year as well as corn for immediate delivery. However, we are planning to use December corn in our spread, which is a contract from the next crop year. Even though plantings fell behind normal levels and cool temperatures inhibited plant growth, demand will be on the slack side. Stocks are huge, and it looks as though the best market for new crop corn will be the government loan program. I see no reason, under present conditions, for the spread not to follow its usual seasonal tendencies.

Given that history, and these fundamentals, I would try to buy December wheat/sell December corn, wit.. the wheat at no more than 95 cents over the corn. I would look for a 30-cent ($1,500 per spread) profit, risking no more than 10 cents ($500 per spread) from my entry point. The margin on this trade should be the margin required on the wheat side, or about $750. The round-turn commission on the total spread—the sum required on both trades—is about $120. ■

Vive la différence!

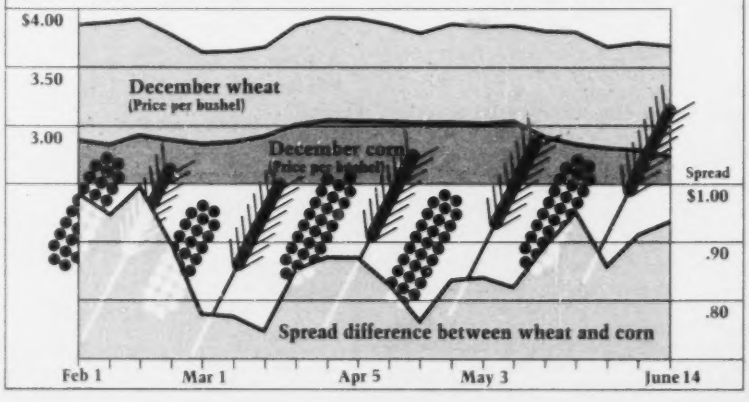
The December wheat versus December corn spread is usually put on in late spring and taken off in mid-fall. If a trader had placed the spread at the average price for late spring and lifted it in fall, he would have had a profit in 12 of the last 15 years.

Contract	Week ended June 3	Week ended Nov 11	Potential gain/(loss)
1968	27.47	16.41	(11.06)
1969	11.69	19.42	7.73
1970	19.69	27.70	8.01
1971	15.44	48.07	32.63
1972	25.56	89.63	64.07
1973	88.75	212.90	124.15
1974	128.35	134.50	6.15
1975	77.95	95.40	17.45
1976	111.13	20.15	(90.98)
1977	9.03	48.00	38.97
1978	69.50	130.63	61.13
1979	106.75	157.85	51.10
1980	140.75	145.95	5.20
1981	91.15	151.70	60.55
1982	104.63	99.10	(5.53)

Prices are cents per bushel.
Source: Shearson/American Express.

The wheat premium

This year the premium that wheat has commanded over corn has varied between about 75 cents and $1. This difference, history says, should widen between now and the end of the corn harvest.



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AUGUST 1, 1983 THREE DOLLARS

7/20/83
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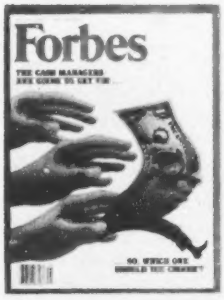
Forbes

THE CASH MANAGERS ARE GOING TO GET YOU . . .

. . . SO, WHICH ONE SHOULD YOU CHOOSE?

T2914030 SAMPLE ZZDF
JOSEPH MCNALLY D03C
SRI ACQUISITIONS DIR
4520 EAST WEST HWY
WASHINGTON DC 20014
74820 08317

August 1, 1983
Volume 132,
Number 3



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Illustrations and Charts:
31, 133, 134, Chas. B. Slackman; 33, Susan Gray; 35, 36, 37, 38, Alan Reingold; 48, 160, Tim Lewis; 76, Peter Kuper; 146, Gary Hallgren; 148, Jeff Danziger

Cover Illustration: Gary Hallgren

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1983 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

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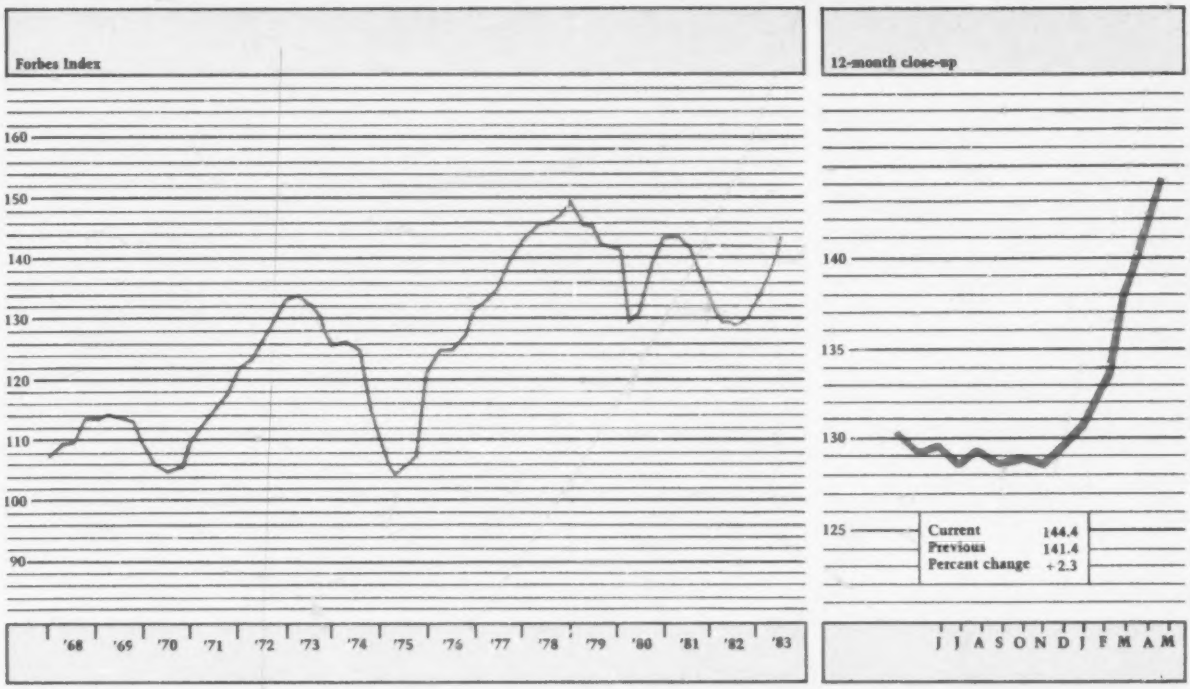
The Forbes Index



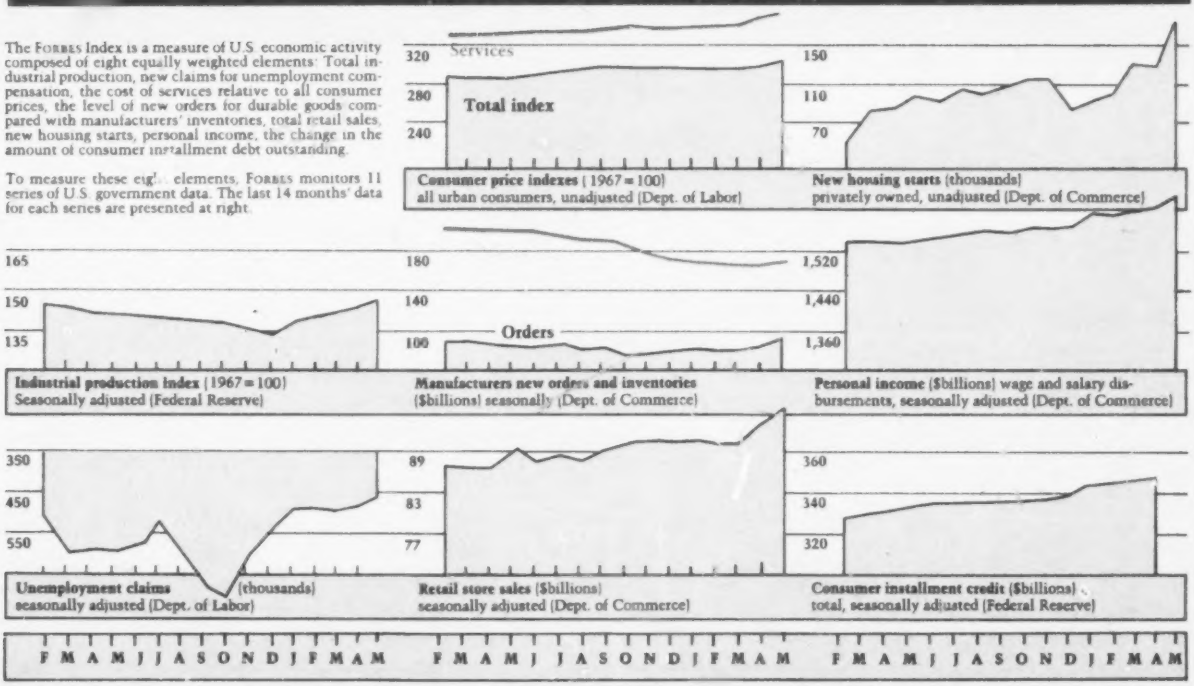
Onward and upward. The Forbes Index has hit yet another high, posting a 2.3% rise. A major factor contributing to the gain was a 5.5% decline in unemployment claims during the latest reporting period. The decline follows a 1.8% drop a month earlier and represents the lowest level for such claims since April 1981. More important, it represents a 32.3% fall from the high-water mark for unemployment claims set in October of last year.

Good news comes also from the manufacturing sector. New orders registered an encouraging 1.3% gain in May. At the same time, inventories are no longer being liquidated but are being rebuilt, as the 0.5% rise in manufacturers' inventories indicates. The restocking of shelves will give new strength to the recovery.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



Bankers and brokers are doing more than trading hats. Either will now do more for you than both would have only a short time ago. While they slug it out, you stand to be the winner.

A buyer's guide to the financial supermarkets

By William G. Flanagan with Janet Bamford

THE BIG BANKS and brokerage houses are out to snare you. And chances are, well-heeled reader, they will succeed, if they have not already.

What do they want this time? Your money, of course. But now they are serious. No more bits and pieces—a money account here, an IRA plan there, some stocks and bonds, a T bill or CD on occasion. Now they want to manage the whole enchilada, every nickel and dime you have. All your cash savings. The money in your checking account. Your money market account. Your securities portfolio. Your loans. Your credit card trade. Even the equity in your home. In short, they all want to marry you, for your money, until death do you part. It is heralded as an innovation that will do to ordinary banks and brokerage houses what the supermarket did to the greengrocer a half century ago.

Pru-Bache's Nancy Reed keeping tabs on the competition
All major brokers, following Merrill Lynch's lead, now offer managed cash accounts. It's a matter of survival.

Should you surrender? If so, to whom? The answer to the first question is probably yes, the likelihood rising with the size of your assets. The answer to the second should be a lot clearer after you consult the table on pages 146 and 147. There we list the requirements and features of the programs offered by leading brokers, banks and mutual funds. It amounts to a roundup of what's to be found on some of the shelves of these financial supermarkets.

The scramble for five- and six-figure customers is getting frantic as the once clear line between brokers and bankers continues to blur and as Washington eases up even more on regulations that once kept them off each other's turf. One ironic twist of the new rules: Banks can peddle stocks more cheaply than big brokers can. On the flip side, brokers can offer better loan rates than banks can.

There has been precious little profit in it thus far for most of them. Only Merrill Lynch is thought to be making any money on its Cash Management Account. But all the players clearly feel they have no choice. It's their hope, and their fear, that once you start shopping under one of those roofs, you are not likely to stray.

The bait that brokers and bankers are using to get you in out of the cold is the managed cash account. For $100 a year or less, which is even at least partly tax deductible, you get a raft of financial services that were blue-sky stuff only a few years ago. The smorgasbord includes:

□ Free, unlimited checking.

□ A single, consolidated monthly statement listing all your financial transactions—securities bought and sold, checks written, credit card transactions, cash withdrawn and deposits made, the market value of your portfolio, your buying power, your short interest, your overdraft status, etc.

□ Low-interest loans made against your portfolio (from brokers).

□ Discount stock and bond transactions (from bankers and others).

□ Coupons on bonds automatically clipped, cashed and deposited, at no cost to the customer.

□ Automatic reinvestment of all dividends.

□ One or more money market accounts, into which idle cash is automatically swept, so it can earn high interest.

□ A Visa, MasterCard Gold Card or American Express Gold Card.

□ Ability to gain instant access to all your cash and credit, in some cases 24 hours a day, worldwide.

□ Free traveler's checks.

□ A year-end tax statement broken down into as many as 99 categories.

□ A buying service, covering over 60,000 categories of goods you can shop for by phone.

□ Toll-free telephone access to service representatives to straighten out problems on your statement.

□ Insurance on your assets of up to $25 million.

Not every major broker or every bank provides every one of the above services, but many of them now do, or soon will. Most big banks are still

Personal Affairs

Edited by William G. Flanagan

bundling their managed cash programs—that is, combining a number of services in a single account—but meanwhile they are offering more and more services, as the law permits.

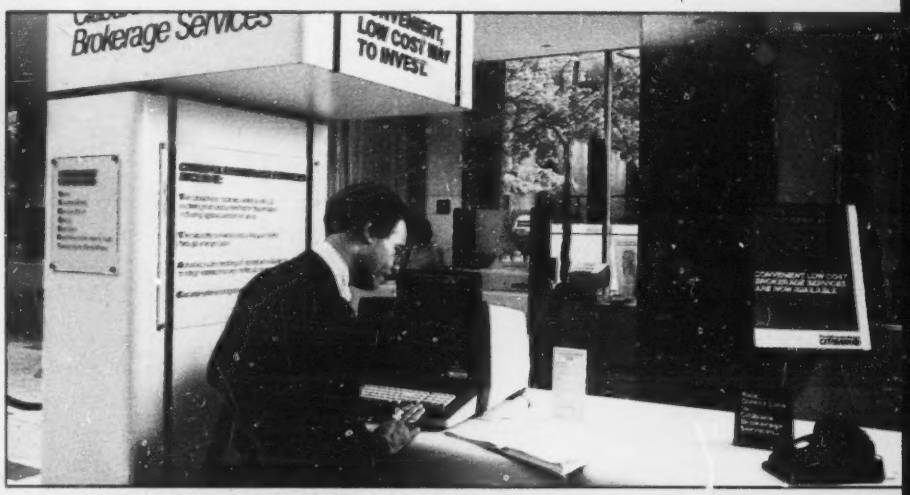
What is truly remarkable about this new breed of account is the fact that it is so cheap. Discounting the credit card, which in some cases is optional, the cost of all the other financial services comes to a mere $25 to $60 a year. Actually, you don't have to throw everything you have into one of these accounts. Generally speaking, you need only $10,000, in cash and/or securities. Only $1,000 is required to open some accounts. So it is possible for people with substantial assets to have an omnibus account with one institution while maintaining a continuing relationship with their old banker or broker. Splitting your business does deprive you of the full advantages of the one-stop consolidated monthly statement, but it has the offsetting advantage of providing access to a wider variety of services and sources of advice and information.

In effect, the bookkeeping for this consolidated statement is a loss leader for the institution providing it. The profits will come from the services that lead to the bookkeeping—management fees on the money market accounts, commissions on stock and bond transactions, interest on loans, fees on stocks that are loaned, to name a few.

These new accounts are tailored for well-to-do customers—for good reasons. "The 20-80 rule of economics, where 20% of the customers give you 80% of the business, holds true consistently throughout the financial services business," notes Edward Furash, a Washington, D.C.-based consultant on financial services.

While there is no question that managed cash accounts are a very good deal for most people who qualify—they are already paying some or all of those charges anyway—there are some drawbacks. To name the most common problems:

■ The statements. Generated by computer and groaning with data, they can be confusing. In time most statements should be easier to digest. "The accounts you see now are only a way

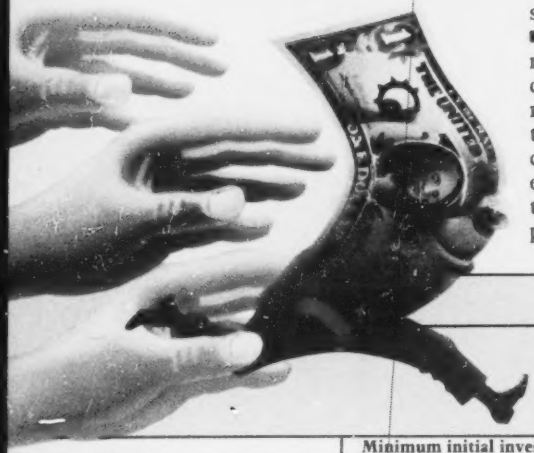


Buying stock at a branch of Citibank, at discount

Merrill Lynch rep explains CMA—including checking and loan features

At Sears outlet, shoppers can buy insurance and stocks, and cash checks

The era of one-stop shopping for financial services has indeed arrived. The bigger your account, the more sense it makes, and the more you will be solicited by brokers, bankers and others.



station," says consultant Furash.

■ Canceled checks. Many brokers do not supply their customers with canceled checks each month. Their statements record all checking transactions, including the numbers of the checks. In some cases, the client can encode checks, indicating the type of transaction. But to retrieve a check physically, if required, can take additional days and costs $1.25 or so. When you have to produce a canceled check to prove to the IRS or a sloppy storekeeper or the parking violations bureau that you have indeed paid a bill, retrieving your checks can be a nuisance. (But Elaine Hart, director of Shearson/American Express' FMA marketing, points out that most customers still maintain personal check-

The financial smorgasbord

Below is a sampling of what some of the larger firms are offering up to customers in the way of central assets accounts. All have standard characteristics: a checking account, a brokerage account, money funds, a debit or

Central Assets Accounts	Minimum initial investment cash or securities ($thousands)	Minimum account balance[1]	Yearly fee	Sweep of funds into money market	Routinely return canceled checks?	Insurance availab including SIPC
Merrill Lynch: Cash Management Account	$20	discretion of account executive	$50	$1,000 or more daily under $1,000 weekly	no	$10 million
Dean Witter: Active Assets Account	20	discretion of account executive	50	all funds daily	no	$25 million
Shearson/American Express: Financial Management Account	15	discretion of account executive	100	$1,000 or more daily under $1,000 weekly	no	$10 million
Prudential-Bache: Command Account	20	discretion of account executive	50	$1,000 or more daily under $1,000 weekly	no	$10 million
EF Hutton: Asset Management Account Asset Reserve Account	10 (cash) 20 (securities or combination)	discretion of account executive[2]	80 (AMA) 40 (ARA)	$1,000 or more daily $100 or more weekly $1 or more monthly	yes	$10 million
Paine Webber: Resource Management Account	15	discretion of account executive[3]	100 60 (without card)	$500 or more daily under $500 weekly	yes	$10 million
Smith Barney: Vantage Account	20	discretion of account executive[3]	100	$1,000 or more daily under $1,000 weekly	no	$25 million
Kidder Peabody: Premium Account	25	discretion of account executive[3]	75	$1,000 or more daily under $1,000 weekly	no	$10 million
AG Edwards: Total Asset Account	20	discretion of account executive	50	div. and int. weekly $500 or more daily under $500 weekly	no	$10 million
Advest: Advest Reserve Cash Account	5	discretion of account executive	25	all funds daily over $100 weekly into tax-exempt	no	$2.5 million
Fidelity: Ultra Service Account	10	$5,000 (cash)	36	$500 or more daily under $500 weekly	yes	$500,000
Citibank: Focus	10	discretion of account executive	60	all funds daily	yes	$500,000 plus $100,000 FDIC
Crocker National Bank: Working Capital Account	10	discretion of account executive	90	all funds daily	yes	$500,000 plus $100,000 FDIC
Charles Schwab: One Account	1 (cash) 5 (securities)	$500	60 (if below $10,000 balance)	all funds daily	no	$2.5 million

[1]Margin account regulations require minimum equity of $2,000. [2]Account may be closed if balance is below $5,000 for two consecutive months. [3]Under certain circumstances, account may be closed or addition fees levied if balance is below $10,000. [4]Accounts are debited only once a month. NA: not available

ing accounts in banks to take care of household bills.)

■ Man versus computer. Getting explanations, making changes or correcting errors can be trying. And problems and mistakes do occur, of course. "We get the usual clinkers that everyone gets," says Jim Howard, vice president of Dean Witter, "the lost card, all the Murphy's law things—all the normal broker things that can go wrong." If you cannot solve the problem over the phone with a service representative, you might find your broker less than eager to help you, especially if the problem is not related to your securities transactions. "They didn't get into the business to be tellers," says Mike Lipper of Lipper Analytical Services. Merrill Lynch is now setting up customer service centers in its branches. But getting eyeball-to-eyeball service on brokers' managed cash accounts is still not easy. And while there are bodies at bank branches, it remains to be seen how helpful they will be in straightening out complex securities problems.

■ The debit card. With many accounts, your Visa or MasterCard acts

harge card and some sort of comprehensive statement that ties it all together for you. And the ood news is, both the servers and the services keep multiplying. Look for more banks, mutual nds, insurers and smaller brokerage firms to come roaring into the marketplace.

oney funds	Statement list features	Number of accounts	Card	Startup date	Current assets controlled by accounts (6/30/83)	Extra features
oney market vt securities x-exempt	check payee	940,000	VISA debit	9/77	$75 billion	securities research
oney market vt securities x-exempt	check payee check coding—20 personal and tax categories	110,000	VISA debit	3/82	$9 billion	securities research check cashing at 850 Sears stores
oney market vt securities x-exempt	check payee check coding—8 personal and tax categories	32,000	American Express Gold[4]	2/82	$4.3 billion	securities research
oney market vt securities x-exempt IC ins acct	check payee check coding—7 personal and tax categories	36,000	VISA debit	2/82	$3.6 billion	securities research command buying service
oney market vt securities x-exempt	only amount of check written	14,000	American Express Gold[4]	6/82 5/83	$16[illegible] million	securities research
oney market vt securities x-exempt	only amount of check written	15,000	MasterCard[4] (optional)	3/83	$2.4 billion	securities research
oney market vt securities	check payee check coding—1 personal or tax category	NA	American Express Gold[4]	3/83	NA	securities research
oney market vt securities x-exempt	check payee	6,000	VISA debit	6/82	$900 million	securities research
oney market vt securities x-exempt	check payee	10,000	VISA debit	2/82	$450 million	securities research
oney market x-exempt	check payee	5,000	VISA debit	11/81	NA	securities research
oney market	check payee check coding—99 personal and tax categories	15,500	MasterCard Gold[4]	2/83	$470 million (money funds only)	discount brokerage
oney market vt securities x-exempt IC ins acct	check payee	NA	VISA debit	4/83	$20 million	discount brokerage
oney market x-exempt IC ins accts	only amount of check written	NA	VISA debit	5/82	NA	discount brokerage account available only in California
o funds but ily interest 13-week bill rate	only amount of check written	23,000	VISA debit + 1% rebate	11/81	$170 million	discount brokerage

like a plastic check that allows you instant access to all the cash in your account, plus the money in your money market account, plus the margin limit on your securities. That's great if you buy a Pissarro while passing through Paris but a nightmare if you lose the card and the "finder" strolls into a bank and taps into your account. Merrill Lynch says misuse of its Visa cards shouldn't trouble customers unduly, as they are liable only for $50 if the card is stolen. Still. . . .

Also, an undisciplined customer could easily go overboard with that much cash access. "If you're granting people credit who don't know how to use it, it gets scary," says Mike Lipper. "There is nothing wrong with margin debt as long as the money is being put to productive use. If you wind up hitting your assets to take a dozen people to La Côte Basque and drop $2,000 there, that creates a debt structure you're not used to."

Finally, using the debit card against your own assets denies you the float that ordinary credit cards permit—up to 45 days. (Note, however, that some cash accounts won't offer a debit card

The thundering herd sees red

At last count Merrill Lynch had signed up close to a million CMA accounts, more than double the number opened by Dean Witter, Shearson, Paine Webber and all the rest combined. But far from feeling smug about its competitors, Merrill Lynch is mad as hell. It has turned its lawyers loose and gone into court demanding competitors pay to use its patented CMA program.

Why the anger? Besides feeling its product—painstakingly developed for years—was being stolen, there was the touchy matter of a strategic talent raid.

There were four key defections from Merrill Lynch's CMA development team. Neil See, who was second-in-command at CMA, was wooed away by Dean Witter in 1980. Three others left the herd in 1981: Nancy Reed, who was in CMA product development, became marketing director of Pru-Bache's Command Account program; Elaine Hart, who had been CMA services manager, joined Shearson/American Express to head up its Financial Management Account business; and Rick Roeder, a lawyer who was instrumental in getting the CMA over regulatory hurdles, likewise joined Shearson that year. (Roeder has since left Shearson.)

The first legal salvo, demanding compensation from other brokers, was fired last summer. On Sept. 14, in a letter to nine brokerage firms, over President William Schreyer's signature, Merrill advised:

"As you may already know, on Aug. 24, 1982, the U.S. Patent and Trademark Office issued Patent No. 4,346,442 on certain features of our Cash Management Account financial service and its underlying system. We believe that [name of recipient firm's] financial service employs these same features and that you will, therefore, be interested in obtaining a license under our patent. To that end, enclosed is a license agreement."

Enclosed with that marvelously self-assured letter was a six-page contract that, among other things, called for the licensee to pay Merrill $10 a year for every account. It also asserted Merrill's right to have all licensees' books and records examined.

Schreyer's letter, predictably, intimidated no one. "You can't patent oxygen," said James Howard, who is in charge of communications for Dean Witter's Active Assets Account. "It seems as if Merrill Lynch is trying to hold the rest of the investment community hostage," Bache chief George Ball quipped, "but I doubt that they can do it with a water pistol."

Paine Webber replied with a lawsuit. In a motion filed in U.S. District Court in Wilmington, Del., Paine Webber asked the court to declare the CMA patent invalid.

Merrill countersued Paine Webber and, while it was at it, sued Dean Witter as well, claiming that its patent was indeed valid and had been infringed upon. (Patent 4,346,442, let the record show, is an 11-page document that includes a detailed description—including flow charts—of the data processing methodology used in the Cash Management Account.)

Why was Dean Witter brought into the suit? James Grady Jr., general counsel for Merrill Lynch, explains: "We considered that Dean Witter was using a product extremely similar to our CMA and that they had achieved their product, at least in part, because they had hired an employee [Neil See] who had worked for Merrill Lynch and who had been very directly involved in the development of our CMA." Another reason: Dean Witter, owned by merchandising giant Sears, Roebuck and with about 68,000 Active Asset Accounts at the time, was CMA's largest competitor. It still is.

In May the judge hearing the case, James Latchum, separated Merrill's quarrel with Dean Witter from the Paine Webber dispute. Each is being heard individually. He also ruled that Merrill's patent could not immediately be declared valid or invalid and that the issue must be tried. Further litigation is expected.

Merrill's pursuit of Dean Witter may be complicated by See's retirement on July 1. Although See falls well short of retirement age, "his health isn't good," explains Dean Witter Chairman Robert Gardner.

Will the court uphold the patent? "It's difficult to say," says patent attorney Bruce Hamburg. "Strictly on the basis of past court decisions, Paine Webber would seem to have a 2-to-1 chance of winning," he notes.

Its resort to law, according to Merrill attorney Grady, is not to exclude others from using CMA-type accounts but to attain "full recognition of the fact that this is a Merrill Lynch invention." Maybe so, but some observers feel that if the patent is upheld and the licensing bid is successful, the financial services industry as a whole will suffer. "If Merrill Lynch pulls this off," says consultant Edward Furash, "it will bring on a new era in which people will use both patents and lawsuits to fight competition. I'm not sure that's very productive."

Meanwhile the whole question could become moot. Merrill seems keenly aware that there is a finite number of fat-cat accounts to be had in the marketplace, and the banks have not yet begun to fight. Time is of the essence. So while the competition labors under a legal cloud, Merrill is happily signing up roughly 3,500 new accounts a week. Living well may be its best revenge.—**Kevin McManus**

Personal Affairs

if you don't want it, and some also offer traditional credit cards.)

Merrill Lynch's CMA chief, Michael Sanderson, is aware of the possible abuses of the debit card, and the fact that the customer loses float, but insists that the firm's wealthiest customers prefer it that way. "They have enough credit as it is with other cards. The debit card is the card of the future," he says.

■ Statement security. When you put all your financial eggs in one basket and get 12 monthly statements and one annual statement a year, for example, which detail every significant thing you've done with your money all year, you'd better watch out whose eyes fall on those statements. In some firms the brokers can peruse your complete statements if they care to, and you might not like that. One broker, for example, took special note of how much a client was spending each month to see a psychiatrist. If you, like many active traders, use a discount as well as a full-service broker, you might not like your regular broker to know that you have been writing checks to the discounter.

Obviously, too, a soon-to-split spouse who runs off to an attorney with a copy of your statement has a lot of ammunition in a divorce proceeding. And the IRS, if you are hiding anything, would love to see your statements—and could easily subpoena them.

■ Making deposits. With some accounts it can be a nuisance to make cash deposits, especially if you are used to automatic payroll depositing. Although some firms may introduce a direct deposit service in the future, at present most still accept only your personal check as a deposit.

■ Closing an account. If, because of poor service, a move or any other reason, you want to close your managed cash account, you might find it time-consuming and frustrating. With so many wheels spinning, it's hard to stop them all simultaneously. Competitors complain that some Merrill Lynch customers who tried to switch their accounts have encountered seemingly needless delay. Merrill's Sanderson replies that customers who close CMA accounts slow the process unnecessarily by not turning in their credit cards and checkbooks right away. Checks in the pipeline, as well as credit charges, can take time to filter through, he also points out.

Nevertheless, most well-heeled customers will find that the flaws and potential problems are outweighed by the benefits of these new types of accounts. A sizable market already has been found, as evidenced by Merrill Lynch's success in signing up close to 1 million customers so far for its Cash Management Account. Every major competing broker now offers its own version of CMA. In some cases these versions so closely resemble Merrill Lynch's patented CMA that Merrill has sued some firms and is trying to exact royalties from practically everybody on The Street *(see box, p. 148)*.

Broker living it up in Chemical Bank ad

Deregulation is allowing banks to get back at brokers for invading their turf.

It's understandable why Merrill is being testy. It originated its CMA in 1977 and had to break a lot of costly ground to get the product launched. But the notion itself is not extraordinary. All issuers agree that the biggest single selling point of these accounts is simply the ability to put idle cash to work. Depending upon the account, and the amount of cash, funds are swept daily or weekly from the checking account into money market accounts. Says Nancy Reed, vice president of marketing for Prudential-Bache's Command Account: "The cornerstone of all these products is the sweep feature."

It's a product whose time, clearly, has come. "The homogenization of the financial services industry came about because of the openings created by inflation," says Edward Furash. "Consumers wanted higher rates on their deposits, which created the money market funds. And there were major shifts in consumer attitudes that caused them to be far more interested, because of inflation, in alternative investments and the ability to move funds around, and in being able to capitalize on borrowing power."

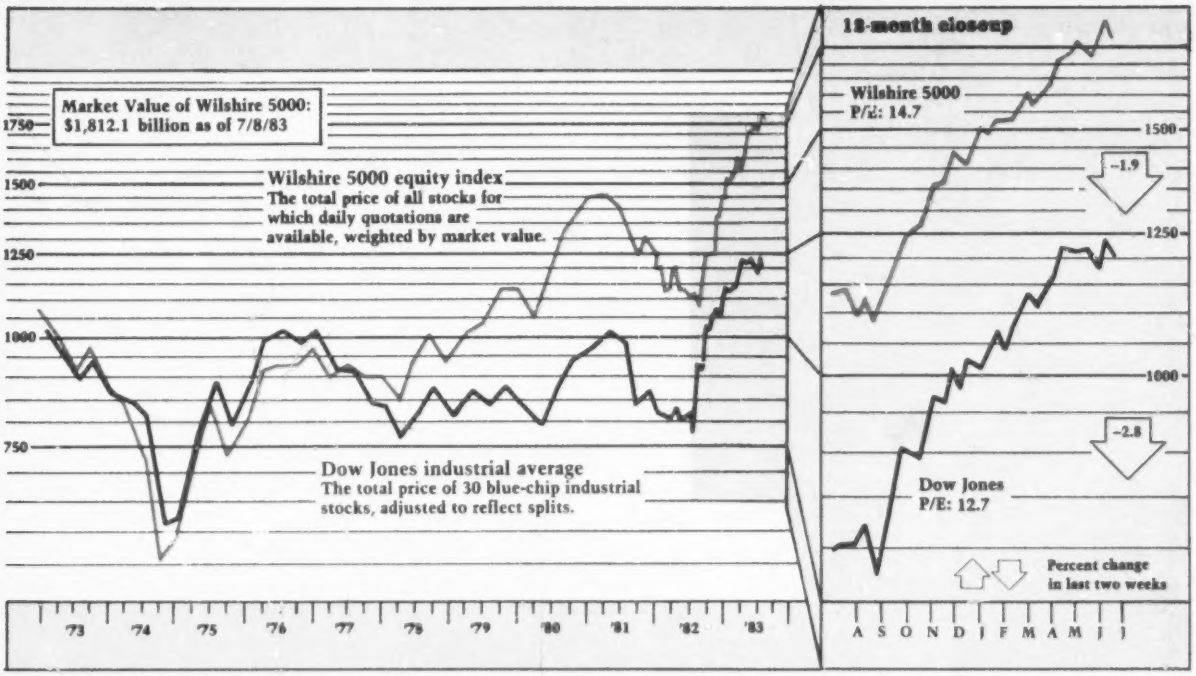
It is, of course, only very recently that banks have been able to satisfy this core demand of consumers—to have "extra" money on deposit earning money market interest. But no moss has been growing under such traditionally aggressive banks as Chemical, Citibank or Bank of America. Citibank launched its Focus program in mid-April 1983 and already has over $20 million in deposits. Not bad, considering it is advertised heavily only in New York City. Bank of America bought discount broker Charles Schwab last spring and added its considerable muscle to Schwab's existing managed cash account, which is, of course, national. Chemical Bank, which is already offering customers discount brokerage services, is busy hammering out its own scheme. Says William Turner, executive vice president: "We are working on a CMA-type program that will probably be ready before year-end."

How does all this competition affect you? The affluent consumer can only benefit as the bankers and brokers slug it out for control of your cash. More financial services—automatic payroll depositing, travel services and automatic bill paying—are bound to be tacked onto managed cash accounts at little or no cost.

Which one will be best? "I think it is a mistake for anyone to think that a single product is going to dominate the financial services industry any more than a single type of car dominates the automobile industry," says Furash. "The real question for most of the institutions is whether the markets are large enough to make what they intend to introduce sufficiently profitable in the face of many competitors. And the guts of that answer lies in merchandising."

The bankers and brokers have lusted after one another's markets for years, and now they can all duke it out. Whatever happens, you will come out the real winner. ■

The Forbes/Wilshire 5000 Review



Surviving the heat. Although the market was unable to capitalize on recent gains, it did cope with profit-taking and fears of a rise in interest rates. The Dow industrials ended the two-week period at 1207. That is off 2.8%, but still above the 1200 level. NASDAQ issues suffered a similar setback. Oil and oil-related stocks, however, ran counter to the trend. That is part of the reason the Amex did relatively better, slipping only 0.3%. The Wilshire index shows that the overall market lost 1.9% during the period.

The Amex has emerged as a clear market leader. The Wilshire index indicates that the market as a whole is up some 60% for the last 52 weeks, but the average Amex issue has almost doubled. Amex stocks have been particularly strong over the last month as well. During this time, the Amex gained 5.6%, vs. 2.6% for the NYSE and only 1.4% for NASDAQ issues. The Amex has moved ahead on the strength of the oils and technology groups.

During the last two weeks the price/earnings multiple of the Wilshire dropped from 14.9 to 14.7. But the 1.3% decline in the P/E ratio was less than the 1.9% fall in the Wilshire index. Earnings are rising. But they must continue to rise to sustain this bull market. Otherwise, a P/E of 14.7 will start looking very pricey.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.6	2.7	0.9	2.6	5.6	1.4
in last 52 weeks	60.1	52.2	48.3	54.9	97.8	90.1

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	1.7	6.0	5.3	0.8	3.1	4.3	0.8	4.2	6.5	0.4	2.0	5.3
in last 52 weeks	62.6	173.7	169.5	61.4	124.6	162.6	53.4	165.8	182.2	62.5	78.6	165.0

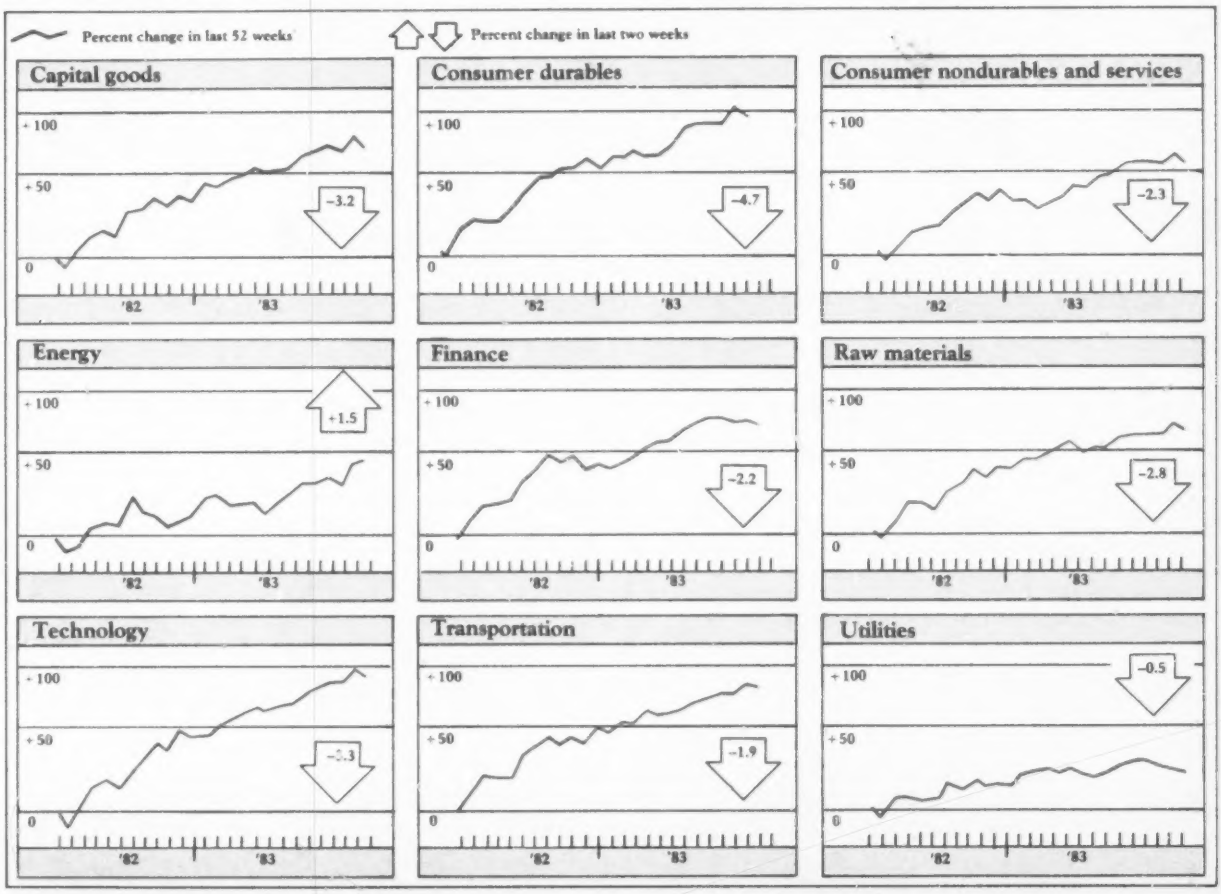
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 7/8/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

High-octane performance. Over the last four weeks energy stocks were up 11.9%, outperforming the other eight sectors by a wide margin. And during the recent two-week period the oil group, with a 1.5% advance, was the only sector to post a gain. Oilfield-service issues were particularly hot.

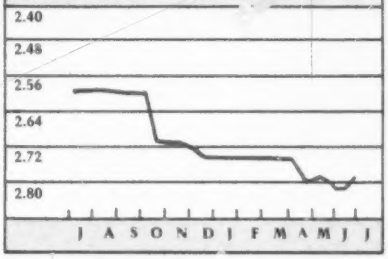
Despite encouraging sales reports from the auto companies and major retail chains like Sears, K mart and Dayton-Hudson, consumer durables lost 4.7% and consumer nondurables, 2.3%. Capital goods and technology issues slipped more than 3%, and raw material and finance lost more than 2%. In the meantime, investors appeared to be hedging their bets on rising interest rates and were a little kinder to utility stocks: This group lost only 0.5%.



What The Analysts Think

A vote of confidence. The analysts strengthened the utility group's hold on first place with a strong 2.52 rating on the 1-to-5 buy/sell scale. Meanwhile, transportation and raw materials jumped in their rankings. But analysts, contrary to the market, are now less optimistic on energy shares, which have fallen from second to fourth place.

The experts' consensus



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.52	1	1
2	Transportation	2.68	4	4
3	Raw materials	2.72	6	6
4	Energy	2.77	2	2
5	Capital goods	2.79	5	5
6	Finance	2.80	3	3
7	Consumer nondurables	2.82	7	7
8	Technology	2.88	8	8
9	Consumer durables	2.98	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 7/8/83. Prepared by Wilshire Associates, Santa Monica, Calif.

After two years of surplus sugar production, there now appears to be a modest shortfall. It's nothing to build a rally on.

A SWEET TREAT FOR THE BEARS

By Stanley W. Angrist

Most commodity traders like sugar as a speculative vehicle. It does not take a lot of searching to find out why. In 1974 sugar made a spectacular move from 12 cents per pound to over 66 cents in a few months, allowing some iron-nerved speculators to realize over $50,000 profit per contract. In 1979 it displayed again its taste for dollar fireworks, as it moved in a year from a base of 8 cents to 45 cents per pound.

Recently, sugar has started to move up again. After sleeping between 6 cents and 8 cents per pound for almost a year, it doubled in price, reaching 12 cents per pound. Fundamentalists should be puzzled by this move. Here's why.

The world produced 100.5 million metric tons of sugar in the 1981-82 crop year, yielding a huge 8.9 million metric ton surplus. The 1982-83 season produced another 4.3 million ton surplus. It is interesting to note, however, that these huge excesses of sugar did not stop prices from doubling when a potential deficit of 1 million to 2 million metric tons was forecast for the 1983-84 crop year. This shortfall can easily be supplied by the European Economic Community or India, which hold excess stock. So why did the price double?

Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

The market simply is reflecting the short-term dislocations that can occur in a transitional stage as sugar consumers locate low-cost sugar stocks from which to fill their needs. These fundamentals bring out the bear in me. I think a bear spread of long May 1984/short October 1983 sugar makes some sense. Over the years the spread has had a tendency to work fairly consistently from early summer to mid-September *(see table)*. One of the factors encouraging me in this trade is the fact that October has been unable to command a premium over May, in spite of sugar's rapid price rise.

The margin per spread is $750 and the round-turn commission should be about $115. I would enter the spread only if May is at no more than 125 points premium to October, risk no more than 50 points ($562 per spread) from the entry point and look for the spread to widen at least 75 points ($843 per spread) from the entry point.

You should be aware that from July 1 on there is no price limit on the October contract. Therefore, the risk in this spread is substantial. Consequently, this spread will take some careful monitoring by those who trade it. ■

A sweet spread

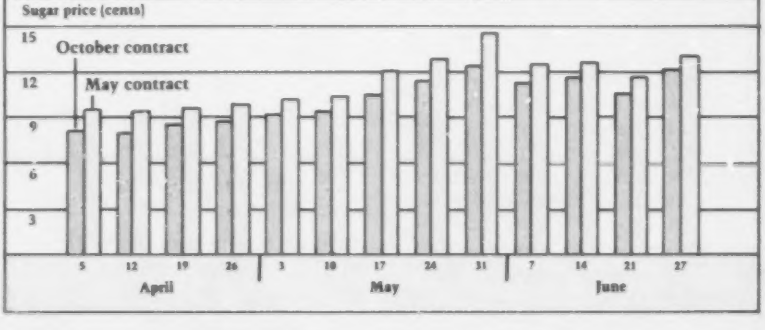
Over the past 15 years October sugar has shown a tendency to lose relative to May from early summer until mid-September. One should also note that, in 11 years out of the past 15, October has sunk to a discount relative to May by the time the spread is usually lifted. The data below are the average weekly differences in points, obtained by subtracting October from May. Each point is worth $11.25. In 1974 sugar experienced one of the greatest price rallies ever in the commodity market, rising to 66 cents per pound. For those playing this bear spread, it was a disaster.

Calendar year	Week ended June 17	Week ended Sept 16	Potential gain or (loss)
1968	41	59	18
1969	–2	–21	(19)
1970	2	0	(2)
1971	12	61	49
1972	–21	59	80
1973	– 67	–58	9
1974	– 430	– 623	(193)
1975	– 41	–77	(36)
1976	20	124	104
1977	46	158	112
1978	97	80	(17)
1979	100	127	27
1980	80	104	24
1981	58	150	92
1982	153	159	6

Source: Shearson/American Express.

You can catch more bulls with sugar . . .

Some observers of the sugar market think that a sustained rally in sugar would move the October contract to a premium over the May. It has not happened so far. Could this be a trap to catch unsuspecting sugar bulls?



AUGUST 15, 1983 THREE DOLLARS

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Forbes

MEXICO: THE CRISIS THAT WON'T GO AWAY

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WASHINGTON DC 20014

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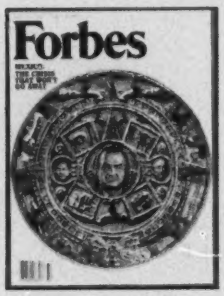
Volume 132,
Number 4



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After about 30 years, they're changing an American institution—the familiar orange-yellow-and-green sign. Does a new sign mean a new company?

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And in central Florida, can the mob be far behind?

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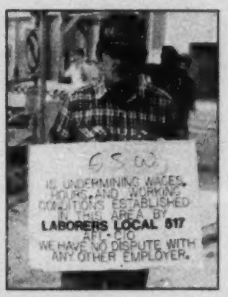
The Treasury Department is just trying to help. So why are lessors screaming? Also: Maybe unitary taxation is not so scary.



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Illustrations:
56, 85, 111, Chas. B. Slackman; 71-75, 78, 79, Alan Reingold; 84, Tim Lewis; 98, Phil Huling; 117, Peter Kuper

Cover Illustration: Alan Reingold

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1983 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

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Why are tuition bills taking such a big bite out of your budget? Look at the way endowment fund managers are pussyfooting around the great bull market.

Campus cop-out

By Richard Phalon

EVER SINCE THEIR stock portfolios took a drubbing in the great market break of 1973-74, many college endowment fund managers have cast equities in the same rowdy milieu as rugby players: It's nice to have a few around to add a bit of dash to the trustees' Christmas party, but not so many that you have to worry about broken furniture.

The caution shows in the numbers. There are 218 endowment pools tracked by the National Association of College & University Business Officers with combined endowments of almost $17 billion. In the nine years ended in June 1982 their investment managers cut their stock holdings by 25%. Bond holdings, on the other hand, increased by nearly 20%.

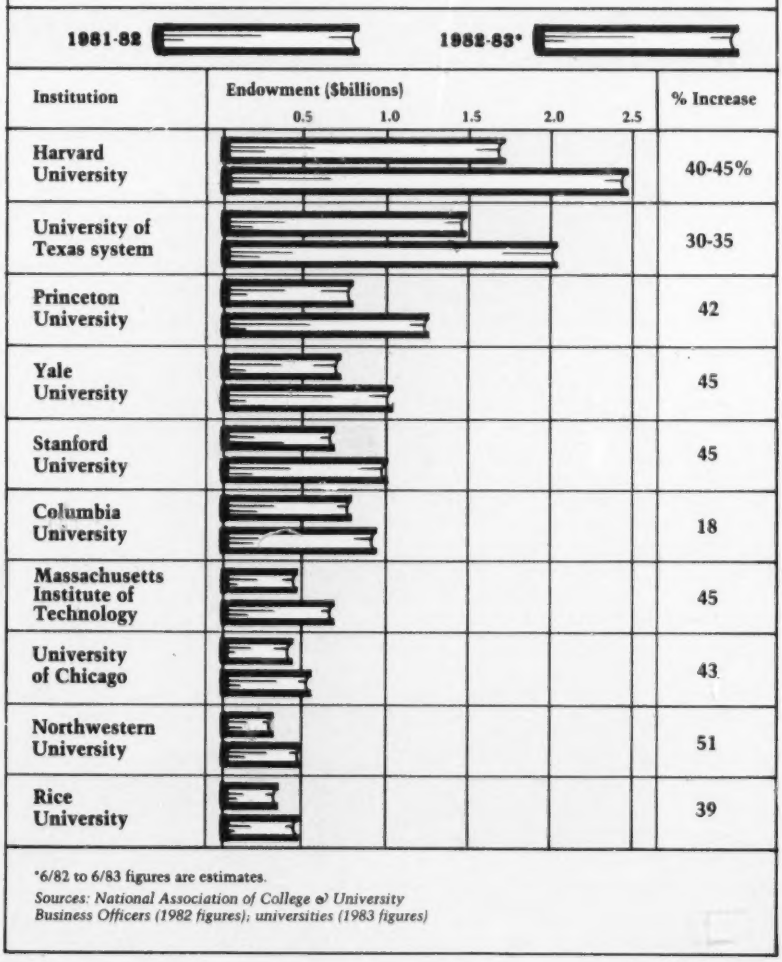
The caution shows in the performance figures, too—and shows unfavorably. According to NACUBO's most recent report, in only four of the nine years since the great rout of 1974 have the 218 endowments done better than the stock market as a whole. The shift into fixed income wasn't much help, either. In only four of those nine years did the endowments do better than the bond market. Worse, the universities as a group failed to keep up with inflation.

At some well-heeled universities—Harvard, for one—endowment income can cover as much as 23% of the operating budget. Thus, the failure of many financial officers to wring maximum returns from donations of loyal alumni is one of the reasons tuition bills at most private colleges—a freshman at Yale pays $9,050 a year, for example, and even at Notre Dame an undergraduate pays $6,450— have gone through the roof.

With university costs rising on all fronts, the incentives for sharper investment performance could not be clearer, and many universities are working very hard at reshaping their portfolios. The fact remains, though, that more than three-quarters of the 218 investment pools followed by the business officers association were less than 65% invested in common stocks on June 30, 1982, on the eve of the great bull market that has pushed the average to record highs. More than a third had less than half their money invested in stocks. Even when it finally became clear that stocks had really taken off, much of academe was too rooted in timidity to respond. The final numbers for the fiscal year ended this June 30 won't be out for months *(see chart for estimates)*. At a quick glance, the numbers don't look bad,

Better to sleep well than eat well?

Champagne toasts at the university club would seem to be in order. The ten largest endowments average an over-40% appreciation for the 12 months ending June 30. But before draining the bottle, it should be a sobering thought to fund managers that the S&P's 500 index was up 61%.



*6/82 to 6/83 figures are estimates.

Sources: National Association of College & University Business Officers (1982 figures); universities (1983 figures)

Staying with the oils

The oil price blowout caught a number of college endowment money managers flat-footed. A quick sampling finds Rockefeller University carrying large blocks of Exxon, Mobil, SoCal and Standard Oil of Indiana. The University of Pennsylvania recently had 30% of its equity in oil.

John B. Neff of the Windsor Fund, the chairman of Penn's investment board, candidly admits, "We have labored with that oil position." Neff has averaged down on the oil stocks in the hope of taking advantage of any turnaround in the market.

The most vulnerable of all to oil price fluctuations is the University of Texas system. Its $2 billion endowment, second only to Harvard's, includes nearly a million acres of oil land. That resource pumps over $150 million a year into its endowment. UT's oil royalties are down some 15% from the previous year. An even bigger effect has been felt because of a drop in bonus payments from auctioning off drilling rights. Even the ultraconservative financial trustees of UT realize it might be a good idea to do some secondary diversifying out of oil these days.—**Jon Schriber**

but this kind of bull market pulls everybody up. The fact remains that few of the endowments did as well as the popular averages and virtually none of them beat them. It may well be that the endowment fund managers will turn more venturesome in the months ahead. At the moment, though, experts like George F. Keane, president of the Common Fund—which provides investment management for more than 300 schools—have spotted "no big move in terms of stock allocations." John Packard of Scudder, Stevens & Clark's asset management group concurs: "I don't think the change in equity positions overall has changed much more than 5% to 7%."

Part of the problem is that many of the funds are oriented to current income, a reflection of the generally losing battle with rising operating costs. The need for jam today tends to push endowment managers into bonds or high-yielding but slow-growth utilities in periods when the smartest play might be elsewhere. In all too many cases, the Prudent-Man rules that bind college trustees seem to be merely a synonym for risk aversion. In terms of the old Wall Street saw, many college trustees would clearly rather sleep well than eat well. Yet experience shows that caution is not necessarily the best policy. In general, the best long-term performances have come from big, heavily stock-oriented endowments whose objectives are a "total return" blend of capital gains and dividend income.

Some of the best numbers came from an endowment that has long since broken out of the traditional mold—the University of Rochester. The university had a big leg up, it's true, gifts of Eastman Kodak from the hometown wizard George Eastman.

Given the respectability of the stock (and the low 1930s prices at which it got the stock), Rochester could easily have fallen into the same trap as Atlanta's Emory University. The latter has never sold a share of the big Coca-Cola benefactions that now account for about 60% of its $400 million portfolio. Emory's Coke dividends kept rising, but there were long periods when the stock did not.

Rochester trustees, on the other hand, over the years began to realize the potential dangers of the one-egg basket. Profits from the sale of some EK went into the stock of still another local up-and-comer, Xerox. As recently as 1971, according to Paul Lewis, investment vice president, Kodak and Xerox together accounted for about 50% of the university's endowment, but under a carefully tailored diversification plan Rochester sold off the last of the Xerox stock this winter. Kodak has been cut to the point where it accounts for only 3% of Rochester's $650 million endowment.

The results: Rochester's endowment fund has increased in value 65% from this time last year. All that growth has come from an unabashed decision to take the risks that accompany long-term growth. Rochester's portfolio is chockablock with dandy little items like Apollo Computer, Inc., Convergent Technologies and MCI Communications.

Hand it to the Rochester boys: They are pragmatists, not dogmatists. Far from being permanently wed to small-growth stocks, they recognize that the market moves in cycles. Phil Horsley and Kevin Keogh, who manage the venture side of the Rochester portfolio, definitely think this might be a good time to take and recycle some profits.

So do Stanford, Princeton and Dartmouth, among others, which have also moved more aggressively into stocks over the last several years. As usual, however, the herd is late in catching on. On past form, by the time other trustees discover there is money to be made in equities, the market will once again have passed them by. ■

Rochester endowment managers Kevin Keogh, Paul Lewis and Phil Horsley
Pragmatists beat dogmatists every time.

When a company has no earnings and very little in the way of product, it's tough to put a price on its stock.

What's your Ph.D. ratio?

By Paul Bornstein

WHEN CETUS, one of the nation's largest genetic engineering firms, went public in March 1981, it raised $119 million. At the time, that was the biggest initial public offering ever—and the California-based research firm didn't even make a marketable product. "The only way to value the company was by the number of Ph.D.s it employed," says Steven Reed of Bateman Eichler, Hill Richards.

Welcome to the wonderful world of biotechnology companies. Welcome to an investment fairyland where hopes and dreams count for more than reality.

In the accompanying table, we examine 20 of these hot new biotechnology stars. But it isn't a typical financial analysis. How could it be? Conventional statistics such as revenue, book value, earnings and price/earnings ratios are meaningless. What is a dream worth? What's the right P/E for fantasy?

Genetic engineering and monoclonal antibodies are the two major segments of this new technology. Understanding a little bit about each helps you appreciate why these companies are a concept that excites many brokers. Through genetic engineering it is possible to move the hereditary material of cells—called DNA—from one organism to another. When the new cell replicates, it retains the characteristics of the original cell.

But never mind the details. All that investors and speculators care about is the resulting potential for thousands of exciting products. Down the biotech pipeline, so the optimists say, there may well be everything from more nutritious corn and seedless watermelons to an improved vaccine for hepatitis.

One of the most exciting genetic

A shopping list full of cells

These 20 biotechnology firms let investors play venture capitalist. Their assets amount to little more than R&D potential, and stock prices are based on the promise of new products. Dean Witter's Karl-Holderreed Biotechnology Stock Index has gone up 154% since last August. As the final two columns indicate, investors typically contribute a far larger portion of capital than they receive in equity. Needless to say, risks abound.

Company/primary focus	Market value (millions)	—Offering— price	—Offering— (date)	52-week price range†	Recent price	Cash and cash equiv per share	% capital contributed by public	% equity owned by public
Amgen/genetic engineering	$140	18	(6/83)	18 –12½	13⅜	$4.27	68.6%	22.5%
Applied Biosystems/instrumentation	73	17	(6/83)	19 –14	15¼	3.72	73.4	28.0
Bio-Response/monoclonal antibodies	110	2½	(10/79)*	16⅛– 3⅛	14	1.66	44.4	25.7
Biogen NV/genetic engineering	292	23	(3/83)	24¼–14¼	15¼	2.93	44.0	13.5
Biotech Res Labs/monoclonal antibodies	80	3⅛	(3/81)	21½– 2¼	15½	0.50	23.0	30.0
Centocor/monoclonal antibodies	122	14	(12/82)	25½–13½	17½	1.70	75.0	23.7
Cetus/genetic engineering	380	23	(3/81)	19 – 7¾	17¼	3.98	82.6	22.8
Collaborative Res/genetic engineering	128	11	(2/82)	15½– 7½	13	2.82	70.0	16.0
Damon Biotech/monoclonal antibodies	307	17	(6/83)	17½–14¼	16	2.13	99.6	12.5
Enzo Biochem/genetic engineering	261	1	(6/80)	33¼– 5¼	30	2.64	62.0	38.0
Genentech/genetic engineering	655	23⅜	(10/80)	49¼–18	46⅛	2.66	74.5	13.4
Genetic Engineering/genetic engineering	18	5	(1/81)*	10⅞– 2⅛	8⅜	0.47	40.0	60.0
Genetic Systems/monoclonal antibodies	224	2	(6/81)*	17¼– 2⅜	14	0.84	78.0	22.0
Genex/genetic engineering	250	9½	(9/82)	20½– 7	19⅛	2.97	66.0	20.8
Hybritech/monoclonal antibodies	273	11	(10/81)	31 –10⅞	27¼	3.94	49.0	13.0
Molecular Genetics/genetic engineering	115	9	(6/82)	23 – 5	18¼	0.43	43.3	9.1
Monoclonal Antibodies/mono antibod	45	10	(8/81)	28½– 8	18⅜	0.68	82.3	23.5
Ribi ImmunoChem Res/biomed	39	2	(5/81)	16½– 2⅛	13	0.99	95.8	32.9
Vega Biotechnologies/instrumentation	20	6	(6/83)	11¼– 6	8	2.59	46.0	41.0
Viratek/genetic engineering	47	7	(5/81)	20¼– 5¼	15	0.05	84.4	20.0

*Offered as a unit. †Or most recent price range.

Sources: Standard & Poor's, companies' prospectuses

Statistical Spotlight

engineering applications involves monoclonal antibodies. This exotic field is a specialty of seven of the companies in our table. Antibodies are proteins used to neutralize foreign substances in the body. Monoclonal antibodies can be grown from a single cell source to attack a specific substance, with profound medical applications. Scientists can harness the body's own defense mechanism to prevent disease.

But when? And how much? And who? Those are some embarrassing questions.

Right now, only a few biotechnology companies have federal approval to market anything. Genentech launched its human insulin in 1982. Soon after, Cetus and Molecular Genetics introduced products to prevent diseases that attack newborn pigs and calves. Using related biotechnologies, Ribi ImmunoChem has a product to treat cancer in cattle and horses. There is a limited market for all this, however. What genetic engineering companies are really after is the treatment of cancer and heart disease in humans.

The situation among monoclonal antibody firms is much the same. Centocor, Hybritech, Genetic Systems and Monoclonal Antibodies now sell diagnostic test kits for pregnancy, venereal disease or certain types of cancer. Enzo Biochem will soon seek FDA approval for similar methods of detecting herpes and hepatitis. The hope is that these fledgling products will generate enough revenue to support further research for therapeutic items of much wider application.

Now back to our table. Obviously no numbers will tell how smart a particular company's scientists are or whose researchers are apt to make a major breakthrough. But some comparisons are possible. Market value figures, for example, indicate that investors still hold Genentech in highest esteem. The company has a combined market value over $650 million—roughly the same as Bausch & Lomb. By contrast, several of the industry's smaller firms have values well below $100 million. Could they be acquisition targets?

Thanks to investor enthusiasm for technology stocks, nearly all of these companies are trading comfortably above their offering prices. But Amgen, Applied Biosystems, Cetus and Damon Biotech sell at discounts.

Discounted dreams? It might already be happening.

Next look at the cash-per-share figures. Anyone who invests in this industry basically hands over his money and says, "Discover something that will make us both rich." But when you buy Viratek at $15 per share, management has a mere 5 cents of that amount to play with, while a $13 stake in Amgen will bankroll $4 worth of research.

Finally, pay attention to the last two columns. It is always worthwhile to know how much faith the promoters have in their promotion. For most of the companies on the list, the public has put up well over half of the money. But how much did investors get in return? Seldom more than 25% of the equity. Those aren't comfortable ratios.

Most important of all: Know that you are shooting craps even with the best of these stocks—and at these prices the odds are stacked heavily against you. ■

Brokers love to cook up mathematical schemes for beating the market. Here's a favorite recipe, and why it won't work.

The dollar-cost sure thing

By William Baldwin

NOW THAT STOCKS are back in style, one of the securities industry's oldest sales gimmicks is making a comeback: "dollar-cost averaging." You put a fixed dollar amount into a given investment every month for a long time. At the end, through all the ups and downs, you probably have made no killing. But you can be sure—so it is claimed—of having picked up shares at a bargain average price. "Dollar-cost averaging is a mathematical certainty," says Connie S.P. Chen of Chen Planning Consultants in New York City. "It's a sound and proven technique."

The technique can be applied at many mutual funds, which welcome customers who want to set aside a level contribution of, say, $200 or $1,000 a month. The fund sponsor keeps track of fractional shares. Merrill Lynch makes the same kind of buying possible for individual stocks and precious metals, through its Sharebuilder Plan. The program, which has gathered almost $2 billion, is suitable for dollar-cost averagers who put in as little as $25 every month, and even offers discounts on commissions.

Here is the attraction, as stated by James Fullerton, vice chairman of Capital Research & Management, which runs the $7 billion American group of mutual funds: "If you dollar-cost average, you will buy shares at a lower average cost than the average price of the shares on the days on which you buy."

An exaggerated example will illustrate the arithmetic. An investor puts $120 a month into a fund for three months. The first month the shares are at $5, the next month at $30, the third at $10. The average of these three prices is $15. But the dollar-cost player gets 24 shares the first month, 4 the next, 12 the third, a total of 40 for his $360 investment. Presto, his average cost is only $9.

For a real-life illustration, look at the chart on the next page. If only you had put $100 a month into Chrysler for a decade, beginning in 1973, you would be in the catbird seat now, what with the stock trading near 32 today. That is less than it was at the beginning of this period. But if you had hung in, you would have more than made up for it by getting larger blocks of stock whenever the price was a bargain.

The beauty part is that the state-

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Volume 132,
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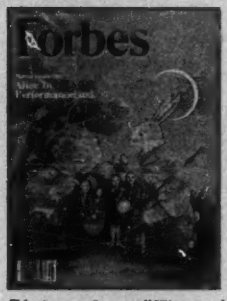

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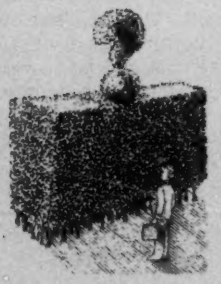

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Illustrations:
41, 138 bottom, Susan Grey; 43, Gary Viskupic; 46, 76, 79, 119, 156, Chas. B. Slackman; 122, Tim Lewis

Cover Illustration: Chas. B. Slackman

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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These are exciting times for drug researchers. More new wonders are in the works than ever before. That doesn't mean easy riches for investors.

Here's what's hot

By Christine E. Miles

One of Wall Street's favorite guessing games centers on drug companies: Who will come up with the next blockbuster? The contenders are many. Right now each of 13 drugs among all those in development could rake in annual sales of $200 million within the next few years, enough to improve their makers' earnings *(see table)*.

"I've been in drug research for over 20 years," says Dr. Robert Hodges, Warner-Lambert's vice president for medical affairs, "and I've never seen a greater feeling of anticipation." Merck's head of research, Dr. Roy Vagelos, agrees. "The competition is fantastic," he says, "but it's very stimulating."

It's not so clear that big money can be made easily in drug company stocks. The stock market, for one thing, may already have discounted future increases in drug company earnings. That could bewilder naive investors when their holdings decline in value on good news. Also, none of the new drugs near approval seems likely to become as extraordinarily successful as Tagamet or have the commercial potential of Capoten. "It's hard to have many of those," says Bob Holland, a spokesman for SmithKline Beckman, maker of Tagamet. And then, as always, there's the Food & Drug Administration. Its decisions could limit or deny markets for some promising new drugs. That makes for a lot of uncertainty, and hence risk, in the business.

Consider American Home Products and Upjohn, for example. Just this month, the FDA's Arthritis Advisory Committee will review applications from both companies to market new over-the-counter drugs that relieve arthritis pain. The patent for Upjohn's dominant prescription anti-arthritic, Motrin, expires in 1985. That will leave the lucrative anti-arthritic market wide open, and both Upjohn and American Home could exploit it with a lower-dosage, nonprescription drug containing ibuprofen, Motrin's active ingredient. Yet if the FDA also permits the drugmakers to recommend the drugs in sufficient frequency to deal with severe arthritis, the competition changes. In the "high frequency" market, American Home Products' entry, Advil, might suffer. "It will be going up against the safety record and reputation of the Motrin name," says Frederic Greenberg, drug analyst for Goldman, Sachs.

If, on the other hand, the new drugs get limited to the small-dose, nonprescription market, American Home's strength in the consumer market could discourage Upjohn from trying to compete. Meanwhile, to complicate the competitive situation further, others are already nibbling at the minor-pain market with such drugs as Panadol and Ecotrin.

In the market for antidiabetic drugs, with 20 million patients, of whom 5 million yearly exhibit side effects associated with the disease, Pfizer and AHP are squaring off. That market is actually growing, by about 800,000 new diabetes patients a year in the U.S. Worldwide, the potential market for the drugs is estimated at $1.5 billion. "It doesn't take a marketing genius to see these could be major products," says Arnold Snider, drug analyst at Kidder, Peabody.

Pfizer, at the moment, appears to have an edge with its Sorbinil. "It's early, but we hope we have a drug that will slow down or even reverse complications associated with diabetes," says Pfizer President Gerald Laubach. "Although the clinical investment has been massive, we are prepared to up the ante because all the science says it should work." In the FDA approval process, AHP lags a bit behind Pfizer. But neither drug is likely to appear on the market before 1986.

Expected breakthroughs in disease prevention make up the glamour end of drug investing. Yet solid profit potential exists in many new drugs that are merely "new and improved" versions of older products. Among these, and the truly new entries,

Great expectations

With companies pouring as much as $300 million apiece a year into R&D, more people are playing the earnings projection game. Here are expected gains over the next five years, ranked by sales potential.

Company	Sales potential (millions)	New products	EPS impact	% EPS growth
Merck	$1,460	27	$3.94	70%
Pfizer	1,270	18	2.92	69
SmithKline Beckman	920	22	2.48	45
American Home Products	780	38	0.86	24
Johnson & Johnson	740	26	0.74	30
Eli Lilly	740	19	1.55	29
Upjohn	700	23	4.69	112
Warner-Lambert	600	22	1.08	53
Bristol-Myers	590	23	1.36	26
Squibb	520	7	1.87	62
Syntex	450	20	3.24	80
Schering-Plough	400	20	1.48	44
GD Searle	390	19	1.72	62
Sterling	320	14	0.67	31
Marion Labs	280	8	4.54	384
AH Robbins	270	14	1.81	91

Source: David Saks, with A.G. Becker

here are the ones to watch:

Buspar: Bristol-Myers filed for approval of this tranquilizer in 1982. It's billed as nonaddictive and nonreactive with alcohol. Forecasts put sales around $100 million as early as 1987.

Etoposide: Dr. Stephen Carter, a cancer researcher for Bristol-Myers, calls this the "most commercially important cancer drug" to appear in five years. It complements Platinol, B-M's bestselling chemotherapy drug. Anticancer agents should ring up $650 million in yearly sales by 1986.

Imipenen: A superantibiotic developed by Merck. In animals, at least, versions of the new antibiotic work 10 to 30 times more actively than most conventional antibiotics against serious infections.

Feldene: Analysts say sales of this arthritis drug could surpass $450 million by 1985. Feldene and Sorbinil point up Pfizer's improved productivity from the over $200 million a year it spends on R&D.

Monocid: SmithKline's new antibiotic requires once-daily dosage and can be injected at home by patients. Dr. Thomas Davis, the company's vice president and medical director, says that means "savings to hospitals and patients will be tremendous."

Ridaura: Also from SmithKline comes an arthritis drug made from gold. It could become the most significant drug to appear this year, since its safety record is outstanding. In clinical trials around the world, it stopped the disease from progressing in some patients, and had fewer side effects than other gold-based drugs.

Azactam: Another superantibiotic, Azactam should fetch $200 million a year for Squibb by the late 1980s. Most of Squibb's growth, though, will depend on expanding approved uses for its two big heart drugs, Capoten and Corgard.

Milrinone: Sterling's heart drug Inocor labors under FDA scrutiny. Milrinone, a derivative of Inocor, is more potent, but it may not cause Inocor's side effects. Investors should hope that's the case. Says David Saks, an A.G. Becker analyst: "There is little else in Sterling's pipeline to make the company's prospects more dynamic."

Lopid: It's a heart drug from Warner-Lambert that, in preliminary trials, appeared to reduce attacks in heart patients by 70%. Clinical trials in Helsinki should end next year.

Pramiracetam: A sleeper, this is Warner-Lambert's entry in geriatrics. The drug slows down the process of senility, to the benefit of memory and learning ability. Because of population aging, such drugs are hot. ■

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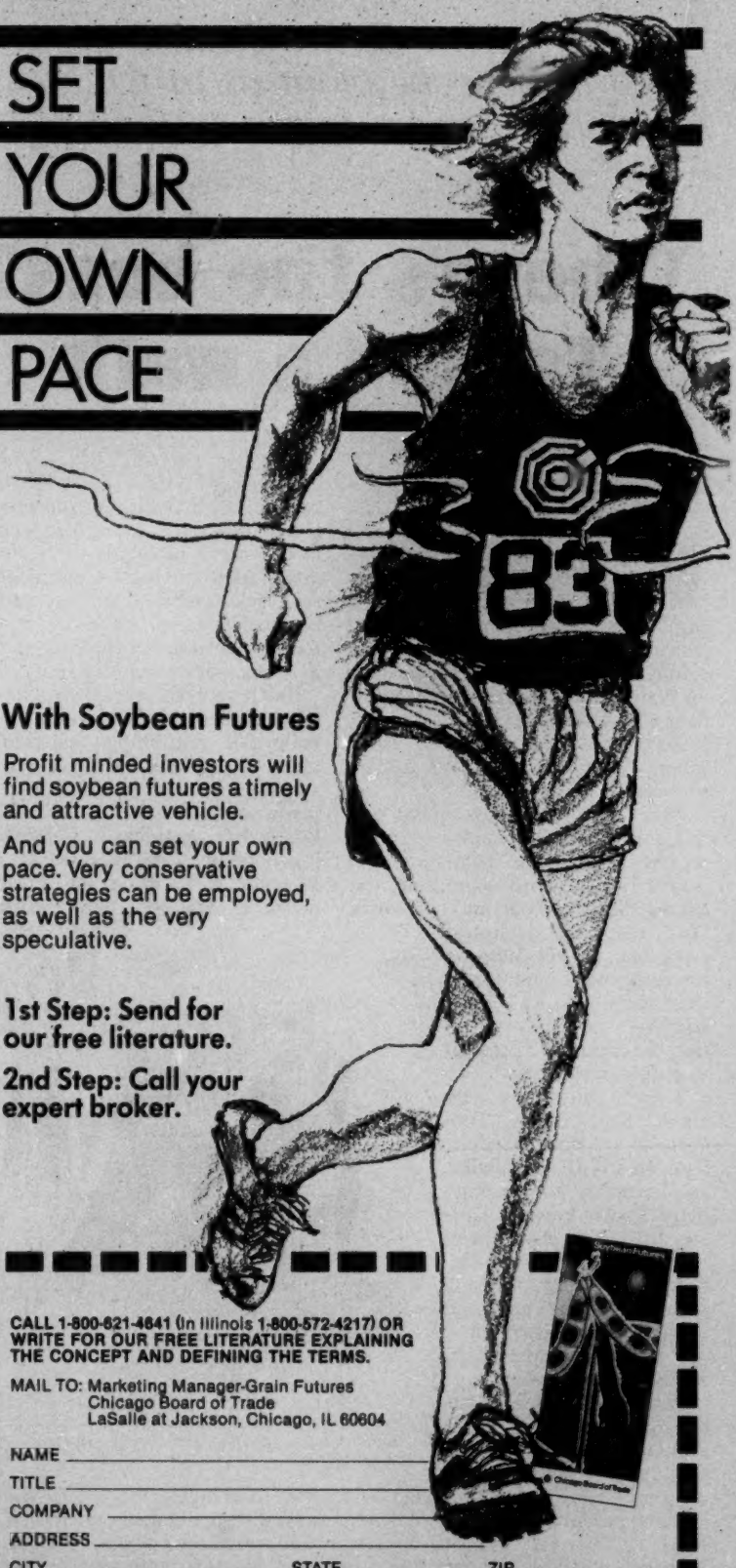

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The time has come, so funds men say, to talk of many things . . . of equities and money funds, turning paupers into kings.

Through the looking glass darkly

By Barbara Rudolph

THERE IS NOTHING SPECIAL about Founders Special Fund. Since Founders was launched in 1969 with only a few million dollars, the number of shareholders has grown slowly but steadily. Until about a year ago there were 7,700 investors and total assets of $30 million. The Denver-based no-load fund hit neither the limelight nor the big time, despite the fact that Founders' net asset value growth over the past 14 years averaged an excellent 15%.

Last August all that changed. Nearly every day now there is a black canvas bag in a corner of the fund's offices, full of uncashed checks from would-be shareholders. "We used to get maybe 10 checks a day," says Founders President Erik Borgen. "Now it's 60, 70. . . . Amazing."

As of early this month, Founders Special's assets stood at $95 million.

Founders Special is not unusual. Mutual funds are back in style. After nearly a decade of net redemptions, sales for the first six months of 1983 hit $22.4 billion, four times the previous record. American Express is paying $1 billion to buy IDS, far from an industry leader. And cocktail party chatter is as apt to be about soaring net asset values as about tax shelters or real estate prices.

There's a dark side to the industry's new popularity, however. Individuals traditionally used mutual funds as file-and-forget investments, with a view to college educations and retirement. Today's new shareholders have far shorter horizons and far higher expectations. They have been attracted, moreover, by a raging bull market that may well have run ahead of the country's economic prospects.

In short, what goes up must come down, and the U.S. mutual fund industry has known plenty of downs in its 59-year history.

But few people in the industry want to think about that. No wonder. Running mutual funds is a highly leveraged business, and while expenses do climb as a fund grows in size, they don't climb anywhere near as fast as revenues. Except for money market funds, where the charges are lower, the average mutual fund management fee is about 0.5% of assets—that is, 50 cents a year for every $100 under management. Since the assets of non-money-market funds recently topped the $100 billion mark, that means that the public is paying an astounding $500 million a year for mutual fund management services—and this doesn't count sales charges.

After all the lean years many mutual fund executives were taken by surprise by this new prosperity. Thus the industry's shareholder services often leave much to be desired. "To a large extent the industry is working with 1960s software," says one fund manager. Unfortunately, shareholder expectations are higher than ever. In an age of automated banking and cash

management accounts, people expect a lot from their mutual funds. "Even with terrific performance, screw up someone's account and you've lost him," says William Hostler, vice president of individual marketing at Vanguard.

A more nagging worry is the question of size. There has never been a definitive correlation between how much money is in a fund and how well it performs. Everyone agrees, though, that it requires more skill to set investment policy at a large fund than at a small one. This makes today's environment unusually difficult. That's because investors have been especially hungry for small growth funds. Janus, for example, jumped from $40 million to more than $240 million over the past year, and Fidelity Select Technology from $2.4 million to $675 million.

Have these highflyers, and others like them, outgrown the ability of their managers? "Before, a couple of good stocks had an impact on my portfolio. Now, they don't register," admits Fidelity Technology's Michael Kassen. "At a certain size, you're like a whale in a goldfish bowl," adds Robert Gintel. Gintel is doing a praiseworthy thing: He promises to close

The honor roll—why the Cheshire cat smiles

One sign of the mutual fund industry's new prosperity: This year's FORBES honor roll is longer than it has been in ten years. To qualify, each fund had to do well in both up and down markets. That required at least a B rating and put such a fund in the top 50% of the industry during good times and the top 25% when the going was rough.

Nearly half of the 27 honorees are new to the list. American General, the top-performing fund family *(see box, p. 78)*, had two new funds on the list, General Venture and Convertible Securities funds. Vanguard's Explorer Fund, which opened in 1967 as one of the first mutuals to invest primarily in high-technology stocks, is also a first-timer.

But other names are almost regulars. Templeton Growth Fund, with a ten-year tenure, has been on the list longest. Mutual Shares, which invests largely in bankrupt companies and other special situations, is an eight-year honor roll veteran.

On the other hand, several familiar names are missing. These include: Charter, Petroleum & Resources, Putnam Voyager, Sigma Ventures and Twentieth Century Growth.

Some of these changes reflect the fact that we have calculated ratings this year on the basis of a new time frame. We measured funds over three up and three down cycles, but this year we replaced the early Seventies bull market with the latest bull market, the one that began last August. Charter Fund, for example, had exceptional performance during its early years but did relatively less well in the recent rally. So it dropped from the honor roll. Thus have we tried to weight the ratings toward current performance and not toward ancient history.

There is also an element of subjectivity in our honor roll selection. FORBES rates funds relative to each other, not on any absolute scale. So, after a bull market like this one, we have raised our minimum standards for bear market performance. Why? Because we think that defensive playing will come into its own again, what with the market up 50% and more in less than a year. That's why we honor funds not only on the basis of how fast they can sprint but also on how well they can hold the pace over long periods of time and under difficult conditions. —B.R.

Welcome to the tea party

No fund is guaranteed to weather all market storms, but the 27 funds on this year's honor roll come close. They have all been consistent performers in both up and down markets.

Name (years on honor roll)	Type	Market ratings UP	Market ratings DOWN	Annual return	Assets (millions)
AMCAP (5)	load	B	B	14.9%	$907.3
American General Comstock (3)	load	B	A	20.4	393.1
Amer Gen Convertible Securities*	closed end	A+	B	16.4	77.9
American General Pace (2)	load	B	B	17.6	1,072.0
American General Venture	load	B	B	17.5	359.1
American National Growth	load	B	B	14.7	103.3
ASA Limited (5)	closed end	A	A	24.4	642.9
Castle Convertible*	closed end	A	B	16.3	38.0
Explorer	no load	A	B	15.1	269.8
Fidelity Destiny	load	A	B	18.8	516.7
Fidelity Magellan (2)	load	A+	B	22.2	1,421.4
Growth Fund of America	load	B	A	15.4	407.6
Highland Capital	closed end	B	A	15.4	15.9
International Investors (4)	load	A	A	24.9	697.5
Janus (2)	no load	B	A	16.3	243.2
Mutual Shares (8)	no load	B	B	21.0	215.3
Naess & Thomas Special	no load	B	B	16.0	46.3
Nicholas (2)	no load	B	B	10.8	160.7
Oppenheimer Equity Income	load	B	B	17.3	64.4
Over-the-counter Securities (2)	load	B	B	20.0	72.5
Pioneer II (2)	load	B	B	19.9	1,011.4
Research Capital	load	A+	A	12.3	111.4
Sherman, Dean	no load	B	A	12.9	5.1
Templeton Growth (10)	load	B	B	16.8	832.1
Tudor	no load	A	B	15.8	81.2
Twentieth Century Select (6)	no load	A+	B	24.7	506.0
Vance, Sanders Special (4)	load	B	B	12.9	138.6

*Balanced fund.

Fund manager ratings—why the March Hare worries

Funds today often run in families. Instead of offering just one all-purpose fund, a manager provides a broad range. It's the Alfred Sloan approach. You don't want a Chevy? How about an Olds? A Caddie, then?

But let this table dispel any illusions: There is no ideal family of funds. So far as results are concerned, the individual fund is what counts, not the family name. No fund family, taken as a group, has a consistently good, never mind excellent, record in both up and down markets.

The data are for stock funds only, and we have included all major managers with three or more equity funds rated by FORBES. Note, too, that we didn't consider managers' bond funds or money market funds; it's equity performance only that we're measuring here.

Specifically, no fund family earned a B or better in both up markets and down markets. Consistency of performance is a worthwhile investment goal. A few individual funds achieve it. But no family even comes close.

Notice, too, the volatility of some fund families. Kemper, for example, posts an A+ in up markets and a D in down markets. And Stein Roe gets an A+ on the way up and a solid F on the way down.

What's the moral? The moral would seem to be that the big fund families are too marketing-oriented. They bring out different funds in response to what the public seems to want. They are more likely to create new products when their marketing men sniff demand than when their stock pickers see opportunity. That may be why every management company with a family of funds has its share of clinkers.—**B.R.**

Off with their heads?

As these composite ratings indicate, no fund manager is a superior all-round performer. This shouldn't be a surprise. But it may be troubling news to those who like to switch assets within a particular fund family.

Name of fund manager	Number of funds rated	Performance in UP markets	Performance in DOWN markets
American General Capital Management	7	A–	C
Capital Research & Management	8	C	B–
Delaware Management Co	3	C	B–
Dreyfus Corp	3	B–	C
Eaton & Howard, Vance Sanders	7	C+	D
Fidelity Management & Research	7	C+	C
Investors Diversified Services Inc	5	B–	D
Kemper Financial Services	3	A+	D
Keystone Custodian Funds	5	C+	F
Massachusetts Financial Services	5	B	D–
National Securities	3	C+	D
NEL Equity Services Corp	4	B–	C+
Neuberger & Berman Management	4	B–	D+
Oppenheimer Asset Management Corp	7	A–	D
T Rowe Price Associates	3	B	F+
Putnam Funds	8	B	D
Safeco Securities	3	C+	C–
Scudder Stevens & Clark Funds	4	B–	D
Security Management	3	B–	D–
J&W Seligman & Co Marketing Inc	5	B–	D
Sigma Shares	4	B	D+
Stein Roe & Farnham Funds	3	A+	F
United Funds	5	C+	D
Value Line Securities	4	C+	B+
Wellington Management	8	C	D+

his $90 million Gintel Fund to new investors when total assets hit $150 million. But few managers are capable of exercising the kind of discipline that forces them to pass up fees today in the theoretical interest of better performance tomorrow.

As the market heats up, mutual funds also face the danger of too much buying and selling. "Portfolio managers can be like fish—they go after the moving lure. They say to themselves, 'Company X hasn't done anything this week, let's move to company Y,'" says George Stasen, portfolio manager of Medical Technology, a respected growth fund with a low, 8% annual turnover rate.

Another problem is the simple pleasure of being in the limelight. Managers who reach the top of performance rankings see their names and photographs in print. That can be a powerful drug. "Intellectually, I know this can't go on. But emotionally, it's different. You reach the top of the quarterly list, and it increases your desire to stay there," says one portfolio manager. In today's market, with value harder to find, that can lead to greater risk. "Stretching standards" is the way one manager describes it.

But how many managers are objective enough about themselves to recognize the difference between stretching and taking normal risks? The ego is a great deceiver. A lot of managers think they will be able to get out at or near the top. "Managers are investing with one foot out the door," says Marshall Front, a partner in Stein Roe & Farnham, recalling 1974, when the exodus from stocks reached panic proportions and managers couldn't liquidate their portfolios without taking terrible beatings. The trouble is, fund managers, like everyone else, tend to run in packs and it's almost impossible for anyone to get out at the top. So, at Scudder Stevens & Clark's Capital Growth Fund, for example, manager Andrew Massie reports that he is now holding 15% cash "as a cushion"—more than Scudder held during the

1973–74 market decline. "I don't know when the market will turn, but I know we'll be in cash before our shareholders want us to," says Gordon Yale of Janus Fund.

That leads to the toughest question of all. Because of the industry's changing demographics, no one knows how today's shareholders will react to a market decline. Statistics here are murky, but managers agree that investors are younger than ever before. During the fourth quarter of last year, individuals under 35 accounted for 9% of new fund sales. By the first quarter of 1983 that figure had swelled to 27%, according to Market Facts, a Chicago-based research firm.

What does this mean? It means that a lot of new investors have never had that awful feeling in the pits of their stomach that comes from knowing their hard-earned capital is melting away and that a flight to liquidity could mean taking serious losses. When it happens, will they cut and run, or stand fast? Chances are they will cut and run. Redemptions could reach serious proportions, driving the market down even further.

But the inevitable panics aside, continued prosperity attracts competition, and everyone knows the banks covet the same money that mutual funds attract. After all, most trust departments have floors of money management professionals. New products packaged in a creative way could lure away fickle first-time fund shareholders—especially if fund performance doesn't meet their expectations. Straw in the wind: Some venturesome banks are already offering "private label" mutual funds.

In short, the industry's present prosperity isn't going to last forever; it never does. So what should the individual investor do? He or she should be careful and think before leaping. Since no bull market lasts forever, it probably makes sense to invest now in a fund that has proved its mettle in bear markets *(see box, p. 77)*. What good does it do to double your money on the way up, only to give it all back, and then some, on the way down? And ponder the advice that mutual fund pioneer Paul Cabot gave FORBES years ago: "Investing is like a sailboat race. Sometimes you sail to the windward, sometimes wind to beam. . . . What counts is not how fast you went with the wind behind you, but where you are when it's all over."

Put it this way: The race almost never goes to the merely swift.

How to use the Forbes fund ratings

This bull market has made lots of ordinary, uninspired mutual fund managers look very good indeed. With the broad-based Wilshire index up more than 50% over the past 12 months, nearly everyone can boast about impressive one-year records. The tables on the following pages are designed to help make sense out of these sometimes misleading claims.

We rate the funds according to performance in both up and down markets. We regard this method as far more meaningful than simply looking at the scores to find out who scored biggest during a period when nearly everyone did well. For what good are spectacular gains when you can't hold on to them when the inevitable reaction sets in. We also take a long-term view of investing. This year's calculations are based on the three up and three down markets that occurred during the 10½-year period shown on the chart on page 80.

FORBES ranks funds relative to one another rather than on an absolute scale. To get a high rating, a fund must perform consistently well in all three up or down periods. In up markets, the top 12.5%, of all funds get an A+; the next 12.5% an A; the next 25%, a B; the next 25%, a C; and the bottom quartile, a D. In down markets, ratings range from A to F, with a similar distribution.

We tinker with our formula so that no fluke performance—good or bad—can have an undue influence on a fund's average performance. We also calculate separately for up and down markets. In essence, we give a fund the chance to escape some of the consequences of a one-time disaster, but we don't allow a brief stroke of good luck to sway us either.

In determining performance ratings and the latest 12 months' return from capital growth, capital gains distributions have been reinvested. But income dividends have not. All results are based on initial investments at net asset value and do not allow for sales charges. The average annual total return for 1973-83 reflects reinvestment of all distributions. Return for income

dividends is based on June 30, 1983 net asset value and income payout for the preceding 12 months. Annual expenses include management fees and operating expenses as a percentage of average net assets.

Mutual fund shareholders should be enjoying fat bull market gains right now, and holding on to them ought to be a major concern. Peruse the figures on the following pages, however, and you will see that star performers in bear markets are few and far between. Only 15 out of a total of 463 stock and balanced funds earned an A for down markets. And plenty of those funds posted dismal scores for up periods. American Growth Fund, Fidelity's Puritan Fund, Founders' Income Fund and Value Line Income Fund, for example, earned Ds for up markets. These funds, in short, were good on the defense but terrible on the offense.

On the other hand, many bull market beauties were bear market bums. Consider Bull & Bear Capital Growth Fund, Fairfield Fund and the Oppenheimer A.I.M. Fund. Aggressive growth funds are almost certainly not going to do as well in a bear market as a conservative fund that sits with large chunks of cash, waiting for the averages to decline.

Sound complicated? It is. People who buy on the simplistic basis of who had the hottest scores over the last year or less are asking for trouble. Pick a fund as carefully as you would a new car, say, or a new house.

In so picking, pay special attention to funds with great discrepancies between bull and bear market performance. These are volatile, high-risk investments. They can be good ways to play an economic turnaround, but they make little sense as long-term holdings. Eat well or sleep well; don't try for both in the same fund.

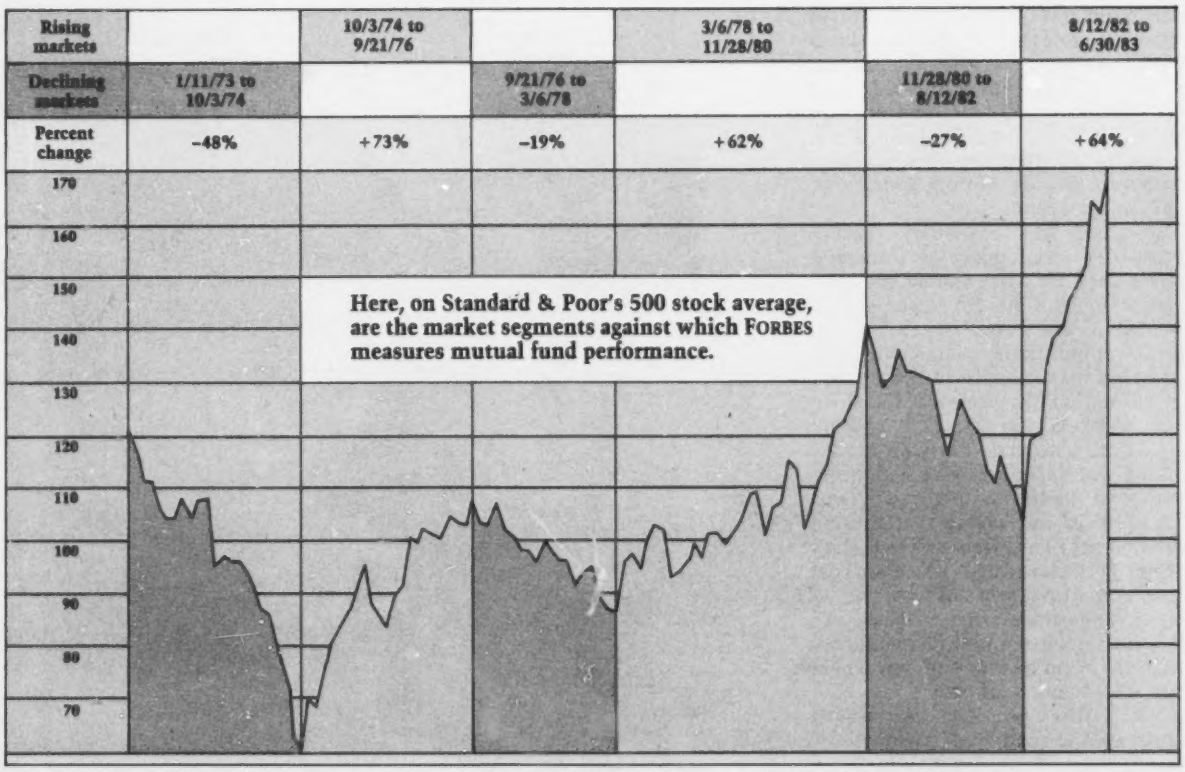
Only fools, of course, make file-and-forget investments. But if you are looking for something for an aged relative or a youngster, limit your selection to funds with above-average performance in both up and down markets. After the stock market surge of the past year, it probably makes sense now to err on the side of caution, giving bear market protection even greater weight than usual.

The FORBES rating system can analyze only the past. That's the weakness of all investment advice. But we feel strongly that our way of evaluating mutual funds makes more sense than the follow-the-crowd approach of looking only at shorter-term performance and ignoring general market conditions.

In the end, the fund you choose will reflect your own view of where the market is headed and, more important, the level of risk you are willing to accept. A fund that would satisfy your nervous Aunt Tilly would probably be one that earned an A in down markets and, perhaps, a B in up markets. Your well-heeled brother-in-law, on the other hand, might be comfortable with a B or C in down markets in order to exploit the A rating in an up period.—**B.R.**

Read before you dial

Obtaining a prospectus is the first step in evaluating any fund investment, and this year our ratings tables include telephone numbers to make that request easier. Most funds have toll-free 800 listings, but these may not work for calls from the state where a management company is based. In such situations, check directory assistance within your area code. Finally, whenever toll-free dialing isn't possible, reverse the charges. Most funds will gladly take collect calls from prospective shareholders.



1983 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1973-83	Investment results: Latest 12 months return from capital growth	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.3%	53.4%	4.1%				
		FORBES stock fund composite	10.8%	63.3%	2.9%				
		FORBES balanced fund composite	8.8%	36.4%	7.3%				
		FORBES bond and preferred stock fund composite	7.6%	19.8%	11.4%				
		Stock funds (load)	Group averages 10.6%	64.0%	2.9%				
C	C	Affiliated Fund (212-425-8720)	11.8%	44.2%	5.5%	$2,023.8	41.5%	7.25%	$0.36
C	D	Alpha Fund (800-241-1662)	8.6	92.7	1.9	23.4	90.2	5.00	1.50
B	B	AMCAP Fund (213-486-9200)	14.9	53.9	2.4	907.3	130.3	8.50	0.76
C	C	American Birthright Trust (800-327-4508)	11.6	63.6	none	177.1	54.9	8.50	1.09
B	A	American General Comstock Fund (713-522-1111)	20.4	58.3	3.8	393.1	156.3	8.50	0.72
A	F	American General Enterprise Fund (713-522-1111)	12.2	64.7	2.0	748.7	67.9	8.50	0.69
B	B	American General Pace Fund (713-522-1111)	17.6	60.6	3.2	1,072.0	726.5	8.50	0.71
B	B	American General Venture Fund (713-522-1111)	17.5	65.2	3.5	359.1	336.3	8.50	0.78
D	A	American Growth Fund (800-525-2406)	13.7	44.7	5.1	52.8	75.4	8.50	1.50
D	C	American Leaders Fund (800-245-5051)	8.0	44.6	5.2	47.3	22.2	6.50	1.45
D	B	American Mutual Fund (213-486-9200)	14.1	47.5	5.0	797.5	66.7	8.50	0.51
B	B	American National Growth Fund (409-766-6577)	14.7	87.8	1.7	103.3	97.5	8.50	0.76
•D	•C	American National Income Fund (409-766-6577)	—*	46.2	5.2	37.2	91.8	8.50	0.80
B	D	Axe-Houghton Stock Fund (800-431-1030)	11.7	118.2	0.1	203.3	93.8	8.50	0.88
B	F	BLC Growth Fund (515-247-5711)	8.7	64.1	2.5	19.0	62.4	8.50	1.01
D	B	BLC Income Fund (515-247-5711)	12.1	54.3	5.0	21.7	58.4	8.50	1.00
C	C	Bullock Fund (800-221-5757)	9.4	47.6	3.7	160.5	43.2	8.50	0.82
C	D	The Cardinal Fund (614-464-6811)	9.9	62.3	3.3	17.7	53.9	8.50	1.06
A	F	Centennial Growth Fund (303-770-2345)	9.1	108.9	1.0	30.0	75.4	8.50	1.33
C	F	Chemical Fund (800-221-5233)	6.5	57.2	2.4	1,273.8	43.0	8.50	0.59
B	F	CIGNA Growth Fund[1] (800-225-5151)	8.1	60.5	2.6	199.3	65.5	7.50	0.69
B	F	Colonial Growth Shares (800-225-2365)	6.6	60.5	2.0	72.7	42.6	8.50	1.17
D	C	Commonwlth Fund Indent Plans A&B (617-482-6500)	6.8	31.5	6.9	10.4	20.9	7.50	0.32
D	C	Commonwlth Fund Indent Plan C (617-482-6500)	8.0	32.2	6.1	38.2	24.4	7.50	0.75
D	D	Corp Leaders Tr Fund Certificates Ser B (800-526-4791)	8.3	41.3	5.6	53.5	28.9	†	0.08
C	D	Country Capital Growth Fund (309-557-2444)	6.8	58.6	2.6	61.2	54.2	7.50	0.93
D	B	Decatur Income Fund (800-523-1918)	12.6	36.7	7.3	487.2	39.4	8.50	0.68
D	C	Delaware Fund (800-523-1918)	12.7	63.1	5.8	354.1	61.3	8.50	0.76
B	C	Delta Trend Fund (800-523-1918)	12.7	114.1	0.5	49.0	257.7	8.50	1.40
D	D	Dividend Shares (800-221-5757)	7.6	47.5	4.6	291.5	33.8	8.50	0.82
C	C	The Dreyfus Fund (800-645-6561)	10.3	35.9	4.9	1,880.9	24.1	8.50	0.77
C	C	The Dreyfus Leverage Fund (800-645-6561)	10.2	32.3	6.5	389.3	35.7	8.50	1.00
C	•B	Eagle Growth Shares (212-668-8107)	—*	45.8	4.0	6.3	40.0	8.50	1.33
D	F	Eaton & Howard Stock Fund (617-482-8260)	3.3	40.1	4.5	72.4	25.9	7.25	0.85
C	C	Eaton Vance Growth Fund (617-482-8260)	10.2	58.6	2.5	83.3	72.1	8.50	0.85
B	D	Eaton Vance Special Equities[2] (617-482-8260)	6.7	58.8	1.5	54.4	63.9	7.25	0.99
A+	F	Fairfield Fund (800-223-7757)	12.0	106.2	0.5	67.7	158.4	8.50	1.07
A	B	Fidelity Destiny Fund (800-225-6190)	18.8	86.5	2.3	520.6	111.8	‡	0.70
A+	B	Fidelity Magellan Fund (800-225-6190)	22.2	112.4	0.7	1,365.2	830.0	3.00	0.85
B	D	First Investors Discovery Fund (212-825-7900)	10.9	149.0	0.9	27.5	461.2	8.50	1.50
A	F	First Investors Fund for Growth (212-825-7900)	8.9	98.5	1.7	108.5	113.2	8.50	0.98
D	F	First Investors Natural Resources Fund (212-825-7900)	3.4	62.6	2.2	14.1	74.1	8.50	1.29
D	A	First Investors Option Fund (212-825-7900)	6.5	18.4	3.5	119.1	2.1	†	0.97
D	D	Founders Mutual Fund (800-525-2440)	7.0	56.9	3.8	144.9	42.6	4.00	0.47
A	F	Franklin Custodian-Dynatech Ser (800-227-6350)	10.2	98.2	1.2	40.6	290.4	7.25	1.06

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. †Fund not currently selling new shares.
‡Available only through contractual plans. [1]Formerly CG Fund. [2]Formerly Eaton & Howard Growth Fund.

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1973-83	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.3%	53.4%	4.1%				
		FORBES stock fund composite	10.8%	63.3%	2.9%				
		FORBES balanced fund composite	8.8%	36.4%	7.3%				
		FORBES bond and preferred stock fund composite	7.6%	19.8%	11.4%				
		Stock funds (load)	Group averages 10.6%	64.0%	2.9%				
C	D	Franklin Custodian-Growth Ser (800-227-6350)	6.1%	70.3%	1.0%	$16.1	126.8%	7.25%	$1.05
D	B	Franklin Custodian-Utilities Ser (800-227-6350)	6.3	17.4	9.0	21.9	71.1	7.25	1.07
B	F	Franklin Option Fund (415-570-3000)	7.2	43.8	2.6	6.6	50.0	7.25	1.33
C	D	Fund of America (713-522-1111)	10.6	74.3	3.3	123.6	77.9	8.50	0.91
A	C	Fund of the Southwest (713-757-5656)	13.1	68.4	1.6	8.0	81.8	7.50	1.01
D	D	Fundamental Investors (213-486-9200)	7.9	57.1	3.7	421.3	44.1	8.50	0.64
B	A	Growth Fund of America (415-421-9360)	15.4	55.4	4.1	407.6	136.0	8.50	0.72
B	•C	The Guardian Park Avenue Fund (212-598-8259)	—*	68.5	3.1	50.3	63.8	8.50	0.67
C	F	Hamilton Funds (303-770-2345)	7.4	56.2	3.1	262.1	33.5	8.50	0.91
A	F	John Hancock Growth Fund (617-421-2909)	6.0	71.4	1.3	49.8	93.0	8.00	1.17
A+	C	IDS Growth Fund (612-372-3131)	14.9	108.9	1.2	682.1	136.8	5.00	0.79
A	F	IDS New Dimensions Fund (612-372-3131)	10.5	82.2	2.5	384.8	88.4	5.00	0.81
C	D	IDS Progressive Fund (612-372-3131)	7.1	65.0	2.0	155.9	64.6	5.00	0.98
D	A	Income Fund of America (415-421-9360)	11.9	34.5	7.3	282.6	33.8	8.50	0.67
C	C	The Investment Co of America (213-486-9200)	11.4	52.5	3.9	2,358.8	53.4	8.50	0.46
C	D	Investment Trust of Boston (617-542-0213)	8.8	57.5	2.5	69.3	47.1	7.25	0.90
A+	D	Investors Research Fund (213-595-7711)	15.6	113.0	3.0	40.6	144.6	8.50	0.95
D	D	Investors Stock Fund (612-372-3131)	7.2	41.5	4.8	1,577.2	29.1	5.00	0.60
C	F	Investors Variable Payment Fund (612-372-3131)	6.3	64.3	3.0	437.8	44.9	5.00	0.68
D	A	ISI Growth Fund (415-832-1400)	8.5	15.6	7.6	14.7	10.5	8.50	1.26
D	A	ISI Income Fund (415-832-1400)	8.1	12.5	8.4	8.3	0.0	8.50	1.19
D	A	ISI Trust Fund (415-832-1400)	8.5	8.4	8.7	106.9	4.0	8.50	0.99
D	C	JP Growth Fund (919-378-2448)	9.7	45.0	5.0	18.5	−14.4	8.00	0.76
A+	D	Kemper Growth Fund (800-621-1048)	13.9	80.4	1.9	255.1	86.3	8.50	0.68
A+	D	Kemper Summit Fund (800-621-1048)	15.7	92.4	1.2	139.0	183.7	8.50	0.71
•B	•B	Lord Abbett Develop Growth (212-425-8720)	—*	100.9	none	339.8	250.7	8.50	0.94
D	D	MagnaCap Fund (800-526-0475)	4.2	36.6	3.9	9.4	64.9	7.25	1.90
A+	C	Mass Capital Development Fund (800-343-2829)	16.0	87.1	1.8	565.0	218.7	7.25	0.83
B	F	Mass Finl Development Fund (800-343-2829)	11.0	80.1	2.1	225.4	83.6	7.25	0.89
B	F	Mass Investors Growth Stock (800-343-2829)	6.8	61.4	2.2	1,073.8	59.9	7.25	0.51
C	F	Massachusetts Investors Trust (800-343-2829)	7.4	49.6	3.9	1,198.9	37.7	7.25	0.61
D	•F	Merrill Lynch Capital Fund (800-631-0749)	—*	41.3	4.1	245.8	91.1	6.50	0.81
D	B	MidAmerica High Growth Fund[3] (319-398-8511)	8.4	39.4	6.5	15.2	25.6	8.50	1.00
D	C	MidAmerica Mutual Fund (319-398-8511)	7.6	43.3	3.9	33.7	22.1	8.50	0.95
D	•F	Mutual Benefit Fund (401-751-8600)	—*	52.7	1.7	10.6	−44.5	8.50	0.93
D	D	Mutual of Omaha Growth Fund (402-397-8555)	5.1	43.7	6.7	21.3	53.2	8.00	1.44
C	F	National Growth Fund (800-223-7757)	4.5	67.3	1.8	110.5	46.6	7.25	0.71
D	C	National Stock Fund (800-223-7757)	10.2	30.8	6.0	242.9	22.4	7.25	0.70
D	C	Nationwide Fund[4] (800-848-0920)	7.7	34.5	5.4	239.1	31.0	7.50	0.66
C	D	Nationwide Growth Fund[5] (800-848-0920)	7.7	63.0	2.6	47.3	73.3	7.50	0.72
D	B	NEL Equity Fund (617-267-6600)	10.4	29.2	5.8	15.6	39.3	8.00	1.13
A	C	NEL Growth Fund (617-267-6600)	15.6	101.3	1.5	172.9	252.1	8.00	0.84
C	C	NEL Retirement Equity Fund (617-267-6600)	8.2	41.5	4.0	71.2	34.6	8.00	0.76
C	•D	New Perspective Fund (213-486-9200)	—*	41.0	5.2	567.3	38.6	8.50	0.79
B	C	New York Venture Fund (800-545-2098)	12.6	72.6	2.1	95.0	87.4	8.50	1.03

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. [3]Formerly American Insurance & Industrial Fund. [4]Formerly MIF/Nationwide Fund. [5]Formerly MIF/Nationwide Growth Fund.

1983 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1973-83	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.3%	53.4%	4.1%				
		FORBES stock fund composite	10.8%	63.3%	2.9%				
		FORBES balanced fund composite	8.8%	36.4%	7.3%				
		FORBES bond and preferred stock fund composite	7.6%	19.8%	11.4%				
		Stock funds (load)	Group averages 10.6%	64.0%	2.9%				
D	C	Old Dominion Investors' Trust (804-539-2396)	10.8%	37.5%	5.1%	$ 4.3	38.7%	0.99%	$1.14
A+	F	Oppenheimer AIM Fund (800-525-7048)	11.5	80.1	1.2	325.3	85.9	8.50	1.02
B	B	Oppenheimer Equity Income Fund[6] (303-770-2345)	17.3	82.0	4.4	64.4	54.4	8.50	1.00
B	F	Oppenheimer Fund (800-525-7048)	6.9	67.7	1.5	351.1	53.3	8.50	1.02
A	•C	Oppenheimer Special Fund (800-525-7048)	—*	56.9	2.0	570.2	125.6	8.50	0.98
A+	D	Oppenheimer Time Fund (800-525-7048)	12.3	94.1	2.5	190.8	157.8	8.50	0.92
B	B	Over-The-Counter Securities Fund (800-523-2578)	20.0	72.5	1.4	72.5	60.0	8.00	1.20
C	B	Paramount Mutual Fund (800-421-4374)	13.0	66.9	1.5	71.5	550.0	8.50	1.23
C	C	Philadelphia Fund (212-668-8107)	11.7	40.7	5.0	121.6	32.0	8.50	0.86
C	D	Pilgrim Fund (800-526-0475)	6.2	24.6	4.1	46.8	11.2	7.25	1.40
B	C	Pilot Fund (713-751-2400)	12.3	93.2	1.4	85.2	70.7	8.00	1.12
C	D	Pioneer Fund (800-225-6292)	13.2	48.2	3.9	1,344.8	51.5	8.50	0.68
B	B	Pioneer II (800-225-6292)	19.9	64.7	3.2	1,011.4	107.3	8.50	0.70
C	C	The Putnam Growth Fund (800-343-0929)	10.4	44.2	5.3	815.9	37.6	8.50	0.60
B	D	Putnam Investors Fund (800-343-0929)	9.4	69.6	1.8	1,072.2	67.1	8.50	0.53
B	C	Putnam Vista Fund (800-343-0929)	12.6	81.0	2.6	159.0	141.3	8.50	1.00
A+	C	Putnam Voyager Fund (800-343-0929)	14.9	89.7	1.2	223.7	154.5	8.50	1.07
A+	A	Research Capital Fund (800-227-6350)	12.3	125.5	3.8	111.4	191.6	7.25	0.96
C	F	Research Equity Fund (800-227-6350)	6.5	50.7	2.0	68.1	45.5	7.25	1.03
B	C	St Paul Capital Fund (612-738-4000)	13.2	70.4	2.6	76.0	68.5	6.00	0.94
A	C	St Paul Growth Fund (612-738-4000)	17.3	82.1	1.9	80.4	119.1	6.00	0.95
A	F	Security Equity Fund (800-255-3557)	12.3	88.9	1.9	298.1	74.4	8.50	0.72
D	C	Security Investment Fund (800-255-3557)	13.3	45.4	6.5	137.3	42.0	8.50	0.69
A	F	Security Ultra Fund (800-255-3557)	15.5	75.5	2.3	104.0	128.1	8.50	1.20
A+	D	Seligman Capital Fund (800-221-2450)	15.5	135.5	none	142.3	225.6	7.25	0.98
C	D	Seligman Common Stock Fund (800-221-2450)	10.2	59.9	4.2	436.3	49.3	7.25	0.57
B	F	Seligman Growth Fund (800-221-2450)	7.1	75.6	1.2	818.1	57.3	7.25	0.56
D	B	Sentinel Common Stock Fund (802-229-3900)	11.5	37.4	5.8	330.0	30.1	8.50	0.89
B	C	Sentinel Growth Fund (802-229-3900)	11.9	88.7	1.6	45.7	88.1	8.50	1.05
C	C	Sentry Fund (800-826-0266)	8.4	54.9	2.6	34.3	56.6	8.00	0.77
B	C	The Shearson Appreciation Fund (212-577-5794)	10.2	54.3	1.6	99.7	602.1	5.00	1.80
B	D	Sigma Capital Shares (800-441-9490)	11.4	67.9	1.6	37.2	69.1	8.50	1.20
D	D	Sigma Investment Shares (800-441-9490)	8.7	39.0	4.2	55.5	31.5	8.50	1.16
B	D	Sigma Special Fund (800-441-9490)	11.8	60.2	1.8	16.5	120.0	8.50	1.41
A+	C	Sigma Venture Shares (800-441-9490)	15.4	85.2	1.0	58.5	157.7	8.50	1.05
D	B	Smith, Barney Income & Growth (212-613-2616)	12.1	41.0	5.3	5.6	47.4	5.00	2.00
D	C	Sovereign Investors (215-972-5490)	9.4	29.8	5.2	12.2	50.6	5.00	1.00
C	F	State Bond Common Stock Fund[7] (507-354-2144)	4.8	48.0	2.7	36.8	36.8	8.50	1.24
D	C	State Bond Diversified Fund[8] (507-354-2144)	8.9	42.8	5.0	9.6	47.7	8.50	0.97
B	F	State Bond Progress Fund[9] (507-354-2144)	7.4	74.7	1.8	8.2	90.7	8.50	1.19
C	D	State Street Investment Corp (617-482-3920)	9.4	59.4	2.8	548.6	48.0	†	0.52
C	•F	Sun Growth Fund (800-343-2829)	—*	60.3	1.8	4.1	36.7	8.50	1.46
A	F	Surveyor Fund (800-221-5233)	9.1	76.8	0.4	126.4	67.4	8.50	1.04
A	F	Technology Fund (800-621-1048)	12.6	65.4	2.4	715.0	59.0	8.50	0.50
B	B	Templeton Growth Fund (800-237-0738)	16.8	61.3	1.9	832.1	63.7	8.50	0.84

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. †Fund not currently selling new shares.
[6]Formerly Centennial Equity Income Fund. [7]Formerly Common Stock Fund State Bond & Mortgage Co. [8]Formerly Diversified Fund of State Bond & Mortgage Co. [9]Formerly Progress Fund.

1983 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1973-83	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	**8.3%**	**53.4%**	**4.1%**				
		FORBES stock fund composite	**10.8%**	**63.3%**	**2.9%**				
		FORBES balanced fund composite	**8.8%**	**36.4%**	**7.3%**				
		FORBES bond and preferred stock fund composite	**7.6%**	**19.8%**	**11.4%**				
		Stock funds (load)	**Group averages** 10.6%	64.0%	2.9%				
D	D	Transamerica Capital Fund (800-631-0749)	5.8%	34.5%	5.2%	$ 44.2	24.2%	8.00%	$0.90
B	D	Travelers Equities Fund (203-277-0111)	9.3	46.8	3.8	51.6	46.2	8.50	0.84
C	F	United Accumulative Fund (816-283-4000)	8.9	63.5	4.7	523.5	55.7	8.50	0.60
D	C	United Income Fund (816-283-4000)	7.3	60.5	4.8	554.4	43.5	8.50	0.64
C	D	United International Growth Fund (816-283-4000)	7.6	45.1	4.8	79.4	45.2	8.50	0.93
B	F	United Science & Energy Fund (816-283-4000)	7.3	52.6	4.3	198.6	41.5	8.50	0.71
A	C	United Vanguard Fund (816-283-4000)	12.4	81.8	2.3	266.7	237.2	8.50	0.99
B	B	Vance, Sanders Special Fund (617-482-8260)	12.9	50.8	2.8	138.6	60.4	8.50	0.88
C	F	The Wall Street Fund (212-943-1182)	5.8	70.1	1.4	7.5	47.1	8.50	2.55
D	B	Washington Mutual Investors Fund (202-842-5665)	13.1	53.0	4.6	536.1	53.7	8.50	0.58
		Not rated**							
		ABT Arbitrage Fund (800-327-4508)	—*	—	—*	3.8	—	8.50	NA
		Aggressive Growth Shares (800-221-5757)	—*	—	—*	11.7	—	8.50	NA
		Alliance Technology Fund (800-221-7780)	—*	184.1	none	192.4	3,106.7	†	0.61
		Chancellor New Decade Growth Fund (800-221-7984)	—*	95.5	0.9	70.4	173.9	6.75	1.24
		Chancellor Tax-Mgd Utility Fund (800-221-7984)	—*	22.6	none	176.3	58.0	6.75	1.06
		Colonial Corporate Cash Trust (800-225-2365)	—*	5.8	12.3	276.0	3,393.7	2.50	0.95
		Colonial Option Growth Trust (800-225-2365)	—*	74.6	2.2	5.6	107.4	8.50	1.50
		Colonial Option Income Trust (800-225-2365)	—*	32.0	3.5	779.0	244.5	8.50	0.97
		Colonial Tax-Managed Trust (800-225-2365)	—*	26.1	none	375.5	147.0	8.50	0.95
		Dean Witter Dividend Growth Secs (212-938-4554)	—*	44.5	4.2	30.6	108.2	5.50	1.18
		Dean Witter Industry-Valued Secs[10] (212-938-4554)	—*	53.0	2.2	46.3	151.6	5.50	1.01
		Dean Witter Natural Resource Devel[11] (212-938-4554)	—*	49.1	2.3	38.1	43.2	5.50	1.15
		Eaton Vance Tax-Managed Trust (617-482-8260)	—*	27.4	none	552.5	140.0	8.50	0.94
		Eberstadt Energy-Resources Fund (800-221-5233)	—*	47.1	2.1	43.6	42.5	8.50	1.50
		Fidelity Mercury Fund (800-225-6190)	—*	—	—*	118.3	—	3.00	1.50
		Fidelity Select-Energy Portfolio (800-225-6190)	—*	42.4	none	70.5	9,971.4	2.00	1.50
		Fidelity Select-Fin Svcs Portfolio (800-225-6190)	—*	69.0	none	12.0	NM	2.00	1.50
		Fidelity Select-Health Care Port (800-225-6190)	—*	100.0	none	141.1	NM	2.00	1.50
		Fidelity Select-Precious Metals & Min (800-225-6190)	—*	159.3	none	108.4	NM	2.00	1.50
		Fidelity Select-Tech Portfolio (800-225-6190)	—*	162.1	none	670.4	NM	2.00	1.32
		Fidelity Select-Util Portfolio (800-225-6190)	—*	29.3	none	10.3	1,960.0	2.00	1.50
		The 44 Wall Street Equity Fund (800-221-7836)	—*	98.4	none	30.8	56.4	8.50	1.68
		Foster & Marshall Growth Fund (206-344-3500)	—*	47.7	1.8	19.0	113.5	5.00	1.90
		The Greenway Fund[12] (713-626-1919)	—*	89.6	none	5.0	78.6	6.50	2.00
		IDS Discovery Fund (612-372-3131)	—*	88.3	1.6	339.6	301.9	5.00	0.92
		IRI Stock Fund (800-328-1010)	—*	48.8	0.8	8.9	641.7	4.50	2.00
		Kemper Option Income Fund (800-621-1048)	—*	29.7	3.7	95.5	74.6	8.50	0.84
		Mass Finl Emerging Growth Tr (800-343-2829)	—*	126.0	1.0	127.7	4,303.5	7.25	1.50
		Merrill Lynch Basic Value Fund (800-631-0749)	—*	57.9	4.4	234.9	128.1	6.50	0.89
		Merrill Lynch Special Value Fund (800-221-2990)	—*	76.7	1.5	103.7	146.3	6.50	1.29
		National Telecommns & Tech Fund (212-482-8100)	—*	—	—*	140.2	—	8.50	1.12
		Oppenheimer Directors Fund (212-668-5000)	—*	121.6	0.8	267.0	489.4	8.50	0.97
		Oppenheimer Option Income Fund (800-525-7048)	—*	27.6	5.1	65.5	35.3	8.50	0.97
		Oppenheimer Regency Fund (800-525-7048)	—*	—	none	37.7	—	3.00	NA
		Oppenheimer Target Fund (800-525-7048)	—*	140.8	0.7	211.2	1,537.2	6.00	1.23

*Fund not in operation for full period. **Funds that were not offered to the public or whose assets did not exceed $2 million before Sept. 21, 1976, or funds that were not rated because of a change in investment policy. †Fund not currently selling new shares.
[10]Formerly InterCapital Industry-Valued Securities. [11]Formerly InterCapital Natural Resource Development Sec. [12]Formerly The Edson Gould Fund.
NA: Not available. NM: Not meaningful.

1983 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1973-83	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	**8.3%**	**53.4%**	**4.1%**				
		FORBES stock fund composite	**10.8%**	**63.3%**	**2.9%**				
		FORBES balanced fund composite	**8.8%**	**36.4%**	**7.3%**				
		FORBES bond and preferred stock fund composite	**7.6%**	**19.8%**	**11.4%**				
		Stock funds (load)	**Group averages**						
			10.6%	**64.0%**	**2.9%**				
		Not rated**							
		Phoenix Growth Fund Series[13] (800-243-1574)	—*	65.0%	4.1%	$ 63.9	71.3%	8.50%	$1.06
		Phoenix Stock Fund Series[14] (800-243-1574)	—*	77.1	2.8	45.8	83.9	8.50	1.15
		Pioneer Three (800-225-6292)	—*	—	—*	93.5	—	8.50	0.40
		Planned Investment Fund (617-742-5900)	—*	28.9	none	4.0	53.9	4.00	4.87
		Prudential-Bache Equity Fund (800-528-6166)	—*	55.8	1.3	13.3	786.7	6.75	1.50
		Prudential-Bache Option Growth Fund (800-528-6166)	—*	—	—*	94.0	—	6.75	NA
		Putnam Capital Fund[15] (800-343-0929)	—*	—	—*	21.0	—	†	NA
		Putnam Health Sciences Trust (800-343-0929)	—*	51.8	1.4	398.1	59.2	8.50	NA
		Putnam Option Income Trust (800-343-0929)	—*	37.3	2.7	159.4	108.6	8.50	1.01
		Rochester Tax Managed Fund (716-232-6930)	—*	51.4	none	7.0	288.9	8.50	4.40
		Sci/Tech Holdings (800-221-2990)	—*	—	—*	604.6	—	8.50	NA
		Strategic Capital Gains (800-527-5027)	—*	67.3	none	8.2	2,633.3	8.50	1.30
		Strategic Investments Fund (800-527-5027)	—*	164.0	4.0	137.0	528.4	8.50	1.10
		Sunbelt Growth Fund (713-751-2400)	—*	88.2	none	193.1	NM	8.00	NA
		Tax-Managed Fund for Util Shares (800-327-4508)	—*	24.9	none	156.3	16.9	8.50	1.02
		Templeton Global Fund (800-237-0738)	—*	80.6	2.9	242.9	94.3	8.50	1.15
		Templeton World Fund (800-237-0738)	—*	60.5	3.3	1,226.6	86.9	8.50	0.85
		World of Technology (800-525-9274)	—*	—	—*	5.5	—	5.00	NA
		Stock funds (no load)	**Group averages**						
			10.8%	**63.9%**	**2.8%**				
B	C	**Acorn Fund** (312-621-0630)	15.3%	53.9%	3.2%	$179.5	76.7%	none	$0.92
B	F	**ADV Fund** (212-908-9582)	6.0	63.1	2.5	30.1	90.5	none	1.78
B	C	**Afuture Fund** (800-523-7594)	11.0	52.6	4.4	47.9	69.3	none	1.60
A	D	**American Investors Fund** (800-243-5353)	8.5	56.3	none	161.3	34.6	none	1.15
B	D	**Armstrong Associates** (214-744-5558)	12.5	52.1	4.2	12.9	67.5	none	1.70
C	F	**David L Babson Investment Fund** (800-821-5591)	5.6	50.9	2.9	249.3	21.2	none	0.60
D	C	**Beacon Hill Mutual Fund** (617-482-0795)	4.6	38.9	0.2	2.6	30.0	none	3.80
C	F	**Boston Co Capital Apprec Fund** (800-343-6324)	5.4	54.2	2.5	247.2	51.3	none	1.07
D	F	**Boston Mutual Fund** (617-828-7000)	5.0	52.1	3.0	5.1	64.5	none	1.53
A	F	**Bull & Bear Capital Growth Fund**[16] (800-431-6060)	10.9	66.0	1.3	105.9	197.5	none	1.42
D	B	**Bull & Bear Equity-Income Fund**[17] (800-431-6060)	10.5	27.2	5.7	5.1	75.9	none	2.02
D	D	**Century Shares Trust** (800-225-6704)	6.5	37.9	4.8	74.7	30.4	none	1.13
C	A	**Charter Fund** (214-742-6567)	15.6	44.0	4.1	76.5	71.1	none	1.25
A	C	**Columbia Growth Fund** (800-547-1037)	14.6	93.8	0.4	148.3	322.5	none	1.15
D	C	**Composite Fund** (800-541-0830)	8.8	46.4	4.6	40.3	80.7	none	0.88
C	B	**Concord Fund** (617-742-7077)	10.6	46.4	3.0	1.9	35.7	†	2.71
A+	F	**The Constellation Growth Fund** (212-557-8787)	17.9	140.0	none	154.8	441.3	none	1.10
C	D	**de Vegh Mutual Fund** (800-221-7780)	8.4	47.1	4.5	71.1	29.7	none	1.12
D	F	**Directors Capital** (212-635-0616)	–14.4	–48.2	none	.4	–55.6	none	18.50
C	D	**Dodge & Cox Stock Fund** (415-981-1710)	9.9	53.0	3.7	26.6	52.9	none	0.75
D	F	**The Drexel Burnham Fund** (212-483-1436)	7.0	36.2	5.3	77.1	108.4	none	1.30
A	C	**Dreyfus Growth Opportunity Fund**[18] (800-645-6561)	14.3	62.7	2.1	358.2	209.6	none	1.10
A	C	**The Dreyfus Third Century Fund** (800-645-6561)	13.7	51.2	3.1	150.7	65.4	none	1.01
D	B	**Energy & Utility Shares** (215-542-8025)	6.9	20.3	9.0	9.0	28.6	none	1.98

*Fund not in operation for full period. **Funds that were not offered to the public or whose assets did not exceed $2 million before Sept. 21, 1976, or funds that were not rated because of a change in investment policy. †Fund not currently selling new shares.
[13]Formerly Phoenix-Chase Growth Fund Series. [14]Formerly Phoenix-Chase Stock Fund Series. [15]Formerly Putnam Duofund. [16]Formerly Capital Shares. [17]Formerly Capamerica Fund. [18]Formerly Dreyfus Number Nine.
NA: Not available. NM: Not meaningful.

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1973-83	Investment results: Latest 12 months return from capital growth	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	**8.3%**	**53.4%**	**4.1%**				
		FORBES stock fund composite	**10.8%**	**63.3%**	**2.9%**				
		FORBES balanced fund composite	**8.8%**	**36.4%**	**7.3%**				
		FORBES bond and preferred stock fund composite	**7.6%**	**19.8%**	**11.4%**				
		Stock funds (no load)	Group averages: **10.8%**	**63.9%**	**2.8%**				
C	D	**Energy Fund** (212-850-8300)	12.0%	34.1%	5.1%	$367.1	29.4%	none	$0.88
A+	C	**The Evergreen Fund** (914-698-5711)	22.1	80.1	1.6	208.6	124.5	none	1.13
A	B	**Explorer Fund** (800-523-7025)	15.1	105.4	0.5	269.8	493.0	none	0.82
D	•D	**Farm Bureau Growth Fund** (800-247-4170)	—*	30.2	5.6	48.3	37.6	none	0.81
B	C	**Fidelity Contrafund** (800-225-6190)	12.4	53.3	3.7	86.9	53.0	none	1.00
C	A	**Fidelity Equity-Income Fund** (800-225-6190)	17.8	56.6	6.3	647.7	190.7	none	0.82
C	C	**Fidelity Fund** (800-225-6190)	11.0	60.7	4.3	691.8	60.0	none	0.73
D	A	**Fidelity Puritan Fund** (800-225-6190)	12.5	38.8	7.3	818.3	37.7	none	0.66
B	F	**Fidelity Trend Fund** (800-225-6190)	6.6	58.9	2.0	672.5	50.0	none	0.78
C	B	**Financial Dynamics Fund** (800-525-9831)	12.4	67.8	1.7	101.4	96.1	none	0.66
C	C	**Financial Industrial Fund** (800-525-9831)	12.0	51.3	5.2	395.9	45.6	none	0.64
D	B	**Financial Industrial Income Fund** (800-525-9831)	14.1	44.8	5.4	222.6	50.1	none	0.63
A+	D	**The 44 Wall Street Fund** (800-221-7836)	15.4	100.9	none	248.4	151.7	none	1.11
B	D	**Founders Growth Fund** (800-525-2440)	10.7	66.0	2.7	52.6	68.6	none	1.37
D	A	**Founders Income Fund** (800-525-2440)	9.9	24.0	6.5	6.7	31.4	none	1.50
A	C	**Founders Special Fund** (800-525-2440)	13.2	107.8	1.1	100.2	234.0	none	1.42
D	D	**Foursquare Fund** (617-482-8260)	5.7	39.0	3.2	5.8	18.4	none	2.70
C	C	**General Securities** (612-332-1212)	11.2	53.2	3.5	13.4	47.3	none	1.50
B	D	**Growth Industry Shares** (312-346-4830)	11.0	77.5	1.4	70.2	82.8	none	0.94
B	C	**Guardian Mutual Fund** (800-225-1596)	14.2	57.6	3.8	307.3	84.5	none	0.76
A+	D	**Hartwell Growth Fund** (212-247-8740)	14.3	111.1	none	14.5	119.7	none	2.30
A+	D	**Hartwell Leverage Fund** (212-247-8740)	20.6	129.5	none	71.9	376.2	none	1.40
B	F	**Herold Fund** (203-869-2585)	5.7	57.4	none	2.0	25.0	†	2.66
C	D	**Istel Fund** (212-702-0174)	9.0	36.2	5.8	121.6	28.3	none	1.06
B	F	**Ivest Fund** (800-523-7025)	6.0	68.4	1.8	196.9	63.8	none	1.16
C	D	**Ivy Fund** (617-749-1416)	8.2	56.6	5.1	103.3	81.2	none	1.28
B	A	**Janus Fund** (800-525-3713)	16.3	74.9	1.8	243.2	441.7	none	1.31
C	F	**Keystone Custodian Funds K-2** (800-225-2618)	5.3	72.3	2.9	160.3	56.9	none	0.80
D	F	**Keystone Custodian Funds S-1** (800-225-2618)	4.6	51.0	3.3	74.0	43.4	none	0.82
B	F	**Keystone Custodian Funds S-3** (800-225-2618)	9.6	75.8	2.2	155.8	72.4	none	0.76
A+	F	**Keystone Custodian Funds S-4** (800-225-2618)	9.5	116.9	0.2	720.4	104.7	none	0.80
A	D	**Lexington Growth Fund** (800-526-4791)	11.0	68.9	0.9	49.0	274.1	none	1.56
C	D	**Lexington Research Fund** (800-526-4791)	9.7	60.6	3.5	131.8	72.1	none	1.07
•C	•A	**Lindner Fund** (314-727-5305)	—*	45.1	3.6	270.8	209.1	none	1.33
A	C	**Loomis-Sayles Capital Development** (800-225-7670)	15.1	109.4	1.7	162.4	142.0	none	0.81
C	D	**Mairs & Power Growth Fund** (612-222-8478)	8.1	65.7	2.2	20.4	61.9	none	1.03
B	F	**Manhattan Fund** (212-850-8300)	4.3	68.0	2.7	79.9	55.5	none	1.50
C	D	**Horace Mann Fund** (217-789-2500)	8.1	82.2	1.1	78.2	54.6	†	0.89
B	D	**Mathers Fund** (312-236-8215)	12.3	58.9	2.5	224.3	40.6	none	0.63
B	D	**W L Morgan Growth Fund** (800-523-7025)	11.2	77.8	1.8	416.0	99.0	none	1.04
B	B	**Mutual Shares** (212-908-4047)	21.0	44.3	4.3	215.3	65.6	none	0.78
B	B	**Naess & Thomas Special Fund** (212-269-6500)	16.0	117.2	1.3	46.3	243.0	none	2.19
B	C	**National Aviation & Technology** (212-482-8100)	13.7	58.9	3.0	107.7	47.3	none	1.25
C	F	**National Industries Fund** (213-277-1450)	6.7	28.3	4.3	32.0	25.5	none	1.70
B	F	**Neuwirth Fund** (800-221-7780)	8.9	93.4	1.0	28.8	92.0	none	1.79

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. †Fund not currently selling new shares.

1983 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1973-83	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.3%	53.4%	4.1%				
		FORBES stock fund composite	10.8%	63.3%	2.9%				
		FORBES balanced fund composite	8.8%	36.4%	7.3%				
		FORBES bond and preferred stock fund composite	7.6%	19.8%	11.4%				
		Stock funds (no load)	Group averages 10.8%	63.9%	2.8%				
B	D	Newton Growth Fund (414-347-1141)	9.0%	100.8%	1.6%	$ 35.7	128.9%	none	$1.11
B	B	Nicholas Fund (414-272-6133)	10.8	80.6	2.4	160.7	186.5	none	0.95
D	C	North Star Stock Fund (612-371-7875)	9.1	58.7	2.8	39.5	131.0	none	0.80
B	D	Omega Fund (617-357-8480)	9.4	51.2	1.1	32.7	39.2	none	1.39
D	C	The One Hundred & One Fund (303-837-1020)	9.9	79.2	3.1	1.2	50.0	none	2.00
B	D	The One Hundred Fund (303-837-1020)	6.4	93.6	0.6	15.6	66.0	none	1.75
C	D	The One William Street Fund (800-221-5350)	9.8	63.2	3.0	393.8	55.7	none	0.63
C	•C	Partners Fund (212-850-8300)	—*	32.2	6.4	140.3	88.6	none	0.97
C	C	Penn Square Mutual Fund (800-523-8440)	12.0	51.3	4.8	178.4	41.5	none	0.66
A	C	Pennsylvania Mutual Fund (800-221-4268)	14.5	98.1	0.5	78.5	194.0	none	1.51
D	D	Pine Street Fund (800-221-7780)	9.9	51.0	4.0	45.0	30.4	none	1.14
A	C	Plitrend Fund (713-757-5656)	15.5	73.5	2.3	76.5	352.7	none	1.11
A	•D	Precious Metals Holdings (617-338-4220)	—*	105.9	3.7	80.0	83.9	none	1.25
C	F	T Rowe Price Growth Stock Fund (800-638-5660)	3.2	47.9	3.1	1,114.5	38.9	none	0.51
B	D	T Rowe Price New Era Fund (800-638-5660)	10.7	47.3	4.5	486.0	42.1	none	0.71
A+	F	T Rowe Price New Horizons Fund (800-638-5660)	9.1	96.0	1.0	1,675.3	112.7	none	0.56
D	F	PRO Fund (800-523-0864)	2.7	56.5	2.8	42.5	47.6	none	1.27
•D	•A	Qualified Dividend-Portfolio I (800-523-7025)	—*	47.8	6.4	44.3	151.7	none	0.80
•A	•C	Quasar Associates (800-221-7780)	—*	114.9	0.6	43.6	161.1	none	1.25
C	D	SAFECO Equity Fund (800-426-6730)	10.8	40.7	5.3	35.9	32.0	none	0.64
A	D	SAFECO Growth Fund (800-426-6730)	13.4	73.7	2.2	66.9	87.4	none	0.60
D	B	SAFECO Income Fund (800-426-6730)	11.7	42.9	6.5	20.6	44.1	none	0.63
B	F	Scudder Capital Growth Fund (800-225-2470)	8.2	72.9	2.2	230.9	143.8	none	0.85
C	F	Scudder Common Stock Fund (800-225-2470)	8.2	50.3	3.1	260.3	86.3	none	0.86
A	C	Scudder Development Fund (800-225-2470)	11.5	64.3	1.9	252.9	184.8	none	1.28
D	D	Selected American Shares (800-621-7321)	4.7	32.9	6.2	80.4	23.5	none	1.02
C	F	Selected Special Shares (800-621-7321)	6.5	77.9	1.6	38.2	58.5	none	1.32
C	A	Sequoia Fund (212-245-4500)	18.4	35.5	4.7	310.6	107.3	†	1.10
B	A	Sherman, Dean Fund (212-577-3850)	12.9	57.1	1.4	5.1	10.9	none	1.91
B	•F	Sierra Growth Fund (213-277-1450)	—*	58.8	1.5	7.2	140.0	none	2.04
B	D	Smith, Barney Equity Fund (800-225-1525)	9.2	58.5	3.0	68.0	42.3	none	1.08
D	F	Steadman Amer Industry Fund Tr (800-424-8570)	1.5	53.2	1.2	14.4	33.3	none	4.33
D	D	Steadman Investment Fund (800-424-8570)	3.7	30.4	4.3	15.9	19.6	none	2.71
C	D	Steadman Oceanographic Fund (800-424-8570)	4.9	47.2	1.6	9.9	35.6	none	4.13
A+	F	Stein Roe & Farnham Cap Opportun (800-621-0320)	14.1	105.9	0.6	401.3	263.2	none	0.95
A	F	Stein Roe & Farnham Stock Fund (800-621-0320)	9.4	82.2	1.7	320.3	88.5	none	0.66
•B	•D	Stratton Growth Fund (215-542-8025)	—*	70.3	1.5	12.9	122.4	none	1.80
A	B	Tudor Fund (800-223-3332)	15.8	111.2	1.2	81.2	283.0	none	1.35
A+	D	20th Century Growth Investors (816-531-5575)	22.6	86.5	0.3	675.8	158.0	none	1.08
A+	B	20th Century Select Investors (816-531-5575)	24.7	106.5	0.5	506.0	924.3	none	1.08
•A	•D	United Services Gold Shares (800-531-5777)	—*	171.0	3.8	314.7	413.4	none	1.07
C	A	The Value Line Fund (800-223-0818)	15.2	38.2	5.3	194.2	166.4	none	0.67
D	A	The Value Line Income Fund (800-223-0818)	14.6	29.2	7.5	130.0	84.4	none	0.78
C	B	Value Line Levgd Growth Investors (800-223-0818)	16.1	45.4	3.0	229.6	383.4	none	0.84
A	C	The Value Line Special Situations (800-223-0818)	14.9	79.4	2.4	380.6	218.0	none	1.02

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1983 Fund Ratings

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		Standard & Poor's 500 stock average	8.3%	53.4%	4.1%				
		FORBES stock fund composite	10.8%	63.3%	2.9%				
		FORBES balanced fund composite	8.8%	36.4%	7.3%				
		FORBES bond and preferred stock fund composite	7.6%	19.8%	11.4%				
		Stock funds (no load)	Group averages 10.8%	63.9%	2.8%				
•C	•F	Vanguard Index Trust (800-523-7025)	—*	51.7%	4.0%	$ 188.5	135.9%	none	$0.39
D	D	Variable Stock Fund (413-785-5811)	7.0%	44.4	3.0	6.7	36.7	none	1.24
A+	D	Weingarten Equity Fund (212-557-8787)	16.6	114.4	none	129.4	264.5	none	1.10
C	B	Windsor Fund (800-523-7025)	14.3	50.4	5.1	1,564.3	70.3	none	0.69
		Not rated**							
		American Express Growth Fund (800-343-1300)	—*	61.6	0.9	11.4	NM	none	1.50
		Analytic Optioned Equity Fund (714-833-0294)	—*	26.7	3.5	45.0	169.5	none	1.48
		Boston Co Special Growth Fund (800-343-6324)	—*	107.8	none	8.4	2,000.0	none	1.43
		Bridges Investment Fund (402-397-4700)	—*	33.4	5.7	3.0	42.9	none	1.15
		Calvert Equity Fund (800-368-2748)	—*	—	—*	9.3	—	none	NA
		Copley Tax-Managed Fund (617-674-8459)	—*	31.4	none	4.4	158.8	none	1.50
		Dean Witter Developing Growth Sec Tr (212-938-4554)	—*	—	—*	198.5	—	none	0.85
		The Dividend/Growth Fund (800-638-2042)	—*	13.1	5.0	3.8	111.1	none	2.50
		The Evergreen Total Return Fund (914-698-5711)	—*	47.9	5.2	38.7	125.0	none	1.29
		Federated Stock Trust (800-245-4270)	—*	47.8	4.4	17.7	1,006.3	none	0.45
		Fidelity Asset Investment Trust (800-225-6190)	—*	92.3	none	96.9	236.5	none	1.10
		Fiduciary Capital Growth Fund (414-271-6666)	—*	84.7	1.3	16.2	980.0	none	2.00
		Finomic Investment Fund (713-659-2611)	—*	77.4	none	6.5	91.2	none	1.90
		Gateway Option Income Fund (513-621-7774)	—*	21.0	4.0	18.4	–12.0	none	1.45
		Gintel ERISA Fund (800-243-5808)	—*	39.8	4.0	45.6	204.0	none	1.60
		Gintel Fund (800-243-5808)	—*	55.3	3.3	87.9	91.9	none	1.40
		Golconda Investors (800-431-6060)	—*	48.6	3.5	23.3	275.8	none	1.76
		The GSC Performance Fund (803-271-7622)	—*	51.2	2.1	12.9	87.0	none	2.33
		Hutton Investment-Emerging Gr Ser (212-742-5000)	—*	—	—*	161.0	—	none	2.40
		Hutton Investment-Growth Series (212-742-5000)	—*	68.3	1.4	391.3	1,440.6	none	2.12
		LBKL Capital Opportunity Fund (800-221-5350)	—*	78.8	2.4	37.8	106.6	none	1.33
		Legg Mason Value Trust (800-368-2578)	—*	77.5	1.2	28.6	2,500.0	none	1.50
		Lehman Capital Fund (800-221-5350)	—*	88.7	2.5	113.5	197.9	none	1.22
		Leverage Fund of Boston (800-225-6265)	—*	65.6	1.3	43.7	27.0	none	1.26
		Lexington Goldfund (800-526-4791)	—*	107.0	0.2	7.4	722.2	none	1.50
		Mairs & Power Income Fund (612-222-8478)	—*	41.7	6.8	2.8	55.6	none	1.39
		Medical Technology Fund (800-523-0864)	—*	87.0	0.2	72.6	305.6	none	1.47
		Midwest Gp-Bartlett Basic Value (800-543-8721)	—*	—	—*	4.3	—	none	NA
		Mutual Qualified Income Fund (212-908-4047)	—*	39.9	2.5	44.7	241.2	none	1.48
		The "New Beginning" Growth Fund (612-332-3223)	—*	—	—*	9.8	—	none	1.50
		North Star Regional Fund (612-371-7875)	—*	63.6	2.1	45.5	195.5	none	1.00
		Northeast Investors Growth Fund (800-225-6704)	—*	44.3	1.7	3.9	129.4	none	2.00
		Nova Fund (617-890-4415)	—*	65.8	1.2	30.6	121.7	none	1.70
		Pax World Fund (603-431-8022)	—*	43.6	3.8	10.0	88.7	none	1.50
		P-C Capital Fund (617-956-1516)	—*	43.3	8.9	7.7	–4.9	†	0.79
		T Rowe Price Growth and Inc Fund (800-638-5660)	—*	—	—*	142.3	—	none	0.87
		Prudential-Bache Research Fund (212-791-4654)	—*	—	—*	150.7	—	none	NA
		Quest for Value Fund (212-668-5482)	—*	82.1	2.2	10.1	80.4	none	2.48
		The Rainbow Fund (212-509-8532)	—*	45.3	none	1.8	12.5	none	4.65
		Royce Value Fund (800-221-4268)	—*	—	—*	5.6	—	none	NA

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. **Funds that were not offered to the public or whose assets did not exceed $2 million before Sept. 21, 1976, or funds that were not rated because of a change in investment policy. †Fund not currently selling new shares. NA: Not available. NM: Not meaningful.

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1973-83	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.3%	53.4%	4.1%				
		FORBES stock fund composite	10.8%	63.3%	2.9%				
		FORBES balanced fund composite	8.8%	36.4%	7.3%				
		FORBES bond and preferred stock fund composite	7.6%	19.8%	11.4%				
		Stock funds (no load)	Group averages 10.8%	63.9%	2.8%				
		Not rated**							
		St Paul Fiduciary Fund (612-738-4000)	—*	68.0%	0.8%	$ 7.2	166.7%	none	$1.50
		SteinRoe Special Fund (800-621-0320)	—*	98.5	1.3	119.5	142.4	none	0.96
		SteinRoe Universe Fund (800-621-0320)	—*	90.4	1.6	336.4	192.3	none	1.10
		Trustees' Commingled Eq-US Port (800-523-7025)	—*	56.6	4.7	243.8	132.9	none	0.63
		20th Century ULTRA Investors (816-531-5575)	—*	141.5	none	509.6	1,255.3	none	1.07
		Unified Growth Fund (800-862-7283)	—*	63.0	1.8	10.5	200.0	none	1.28
		United Services Group—GBT Fund (800-531-5777)	—*	36.4	1.2	15.3	750.0	none	2.18
		USAA Mutual Fund-Growth Fund (800-531-8181)	—*	73.1	1.9	109.4	100.7	none	1.23
		USAA Mutual Fund-Sunbelt Era Fund (800-531-8181)	—*	109.0	0.2	70.6	1,076.7	none	1.45
		Valley Forge Fund (215-688-6839)	—*	33.9	5.0	3.0	87.5	none	2.00
		Funds for investing abroad	Group averages 9.5%	45.6%	2.1%				
D	C	Canadian Fund (800-221-5757)	6.8%	66.3%	3.6%	$ 27.2	51.1%	8.50%	$1.30
A	A	International Investors (800-221-2220)	24.9	118.2	4.0	697.5	243.1	8.50	1.01
D	F	Keystone International Fund (800-225-2618)	2.2	43.0	1.8	33.1	22.1	none	1.68
C	D	Putnam International Equities (800-343-0929)	8.2	47.7	1.5	42.3	33.0	8.50	1.82
D	C	Scudder International Fund (800-225-2470)	6.9	37.4	2.6	108.7	90.4	none	1.19
C	C	Transatlantic Fund (212-747-0440)	8.1	29.4	1.6	34.6	25.4	none	1.44
		Not rated**							
		Alliance International Fund (212-269-1500)	—*	37.8	1.5	37.1	92.2	none	1.60
		Bailard, Biehl & Kaiser Intl Fund (415-571-5800)	—*	36.8	0.7	20.0	49.3	none	2.04
		First Investors Intl Secs Fund (212-825-7900)	—*	53.8	0.7	8.0	1,500.0	8.50	1.57
		G T Pacific Fund (415-392-6181)	—*	17.0	2.4	14.0	22.8	none	1.50
		Kemper International Fund (800-621-1048)	—*	37.2	2.5	36.3	83.3	8.50	1.45
		Merrill Lynch Pacific Fund (800-225-5150)	—*	33.3	2.2	45.7	25.6	6.50	1.35
		T Rowe Price International Fund (800-638-5660)	—*	35.0	1.7	93.7	35.0	none	1.16
		Templeton Foreign Fund (800-237-0738)	—*	—	—*	16.0	—	8.50	NA
		Trustees' Commingled Eq-Intl Port (800-523-7025)	—*	—	—*	19.8	—	none	NA
		Balanced funds (load)	Group averages 9.2%	35.9%	7.5%				
C	C	American Balanced Fund (415-421-9360)	8.6%	36.9%	6.9%	$116.6	35.1%	8.50%	$0.78
A+	D	American General Harbor Fund (713-522-1111)	14.1	60.3	4.9	181.2	65.3	8.50	0.73
B	C	Axe-Houghton Fund B (800-431-1030)	9.9	38.3	5.2	160.9	24.4	8.00	0.76
C	D	Boston Foundation Fund (412-288-1900)	7.6	36.1	6.9	28.4	26.8	8.50	1.52
D	A	CIGNA Income Fund[19] (800-225-5151)	6.8	22.8	10.9	226.0	38.1	7.50	0.68
B	F	The Colonial Fund (800-225-2365)	7.3	37.3	6.1	86.1	58.3	8.50	1.01
B	F	Commerce Income Shares (800-231-4645)	7.4	38.4	5.9	57.7	28.5	8.00	1.07
B	F	Eaton & Howard Balanced Fund (617-482-8260)	6.3	35.8	6.2	67.1	21.3	7.25	0.86
D	B	Eaton Vance High Yield[20] (617-482-8260)	7.0	22.5	11.2	24.4	39.4	8.50	0.91
D	C	Eaton Vance Inc Fund of Boston[21] (617-482-8260)	8.0	23.5	9.6	28.5	–11.5	8.50	1.22
A	D	Eaton Vance Investors Fund[22] (617-482-8260)	9.7	35.9	6.4	150.5	29.6	8.50	0.82
C	B	Franklin Custodian-Income Series (800-227-6350)	12.2	24.2	11.4	58.3	55.9	7.25	0.95

*Fund not in operation for full period. **Funds that were not offered to the public or whose assets did not exceed $2 million before Sept. 21, 1976, or funds that were not rated because of a change in investment policy.
[19]Formerly CG Income Fund. [20]Formerly Eaton & Howard Income Fund. [21]Formerly Oppenheimer Income Fund of Boston. [22]Formerly Vance, Sanders Investors Fund. NA: Not available.

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Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1973-83	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends
		Standard & Poor's 500 stock average	8.3%	53.4%	4.1%
		FORBES stock fund composite	10.8%	63.3%	2.9%
		FORBES balanced fund composite	8.8%	36.4%	7.3%
		FORBES bond and preferred stock fund composite	7.6%	19.8%	11.4%
		Balanced funds (load)	Group averages 9.2%	35.9%	7.5%
C	F	Investors Mutual (612-372-3131)	7.2%	33.2%	7.8%
A+	D	Kemper Total Return Fund (800-621-1048)	15.8	56.9	3.9
D	C	Lord Abbett Income Fund (212-425-8720)	7.8	16.0	11.4
D	A	Magna Income Trust (800-526-0475)	7.9	24.2	11.0
A	F	Massachusetts Fund (800-225-1587)	8.9	43.0	6.9
C	C	Mass Income Development Fund (800-343-2829)	9.4	41.8	6.8
D	C	Mutual of Omaha Income Fund (402-397-8555)	6.5	9.8	10.5
B	D	Nation-Wide Securities (800-221-5757)	8.0	31.8	6.9
B	F	National Balanced Fund (800-223-7757)	7.8	38.9	5.7
C	B	National Income Fund (800-223-7757)	11.2	32.9	8.1
A	D	National Total Return Fund (800-223-7757)	12.3	45.2	6.5
B	C	Phoenix Convertible Fund Series[23] (800-243-1574)	10.3	48.5	6.4
C	B	Provident Fund for Income (713-522-1111)	10.3	56.3	6.1
A	C	Putnam Convertible Fund (800-343-0929)	13.5	42.7	7.2
B	D	The George Putnam Fund Boston (800-343-0929)	8.7	44.3	7.3
D	A	The Putnam Income Fund (800-343-0929)	7.1	22.3	11.4
C	C	Seligman Income Fund (800-221-2450)	8.8	21.6	9.5
C	A	Sentinel Balanced Fund (802-229-3900)	9.5	31.1	7.1
C	D	Sigma Trust Shares (800-441-9490)	8.7	31.8	6.9
A	D	SoGen International Fund (212-832-0022)	10.2	50.2	5.3
B	F	United Contl Income Fund (816-283-4000)	8.5	54.3	5.9
		Not rated**			
		Convertible Yield Securities (713-626-1919)	—*	33.0	6.8
		Country Capital Income Fund (309-557-2444)	—*	20.7	9.2
		GPM Fund (800-343-2902)	—*	55.5	3.7
		Merrill Lynch Equi-Bond I Fund (800-631-0749)	—*	29.4	7.2
		Merrill Lynch Phoenix Fund (800-631-0749)	—*	—	—*
		Phoenix Balanced Fund Series[24] (800-243-1574)	—*	38.0	6.6
		Rea-Graham Fund (213-471-1917)	—*	—	—*
		Balanced funds (no load)	Group averages 6.3%	35.5%	7.5%
B	C	Composite Bond & Stock Fund (800-541-0830)	9.8%	41.1%	7.0%
B	D	Dodge & Cox Balanced Fund (415-981-1710)	8.5	35.3	6.1
C	C	The Dreyfus Special Income Fund (800-631-0749)	8.6	29.6	8.3
C	D	Keystone Custodian Funds-K-1 (800-225-2618)	9.5	36.3	8.2
B	F	Loomis-Sayles Mutual Fund (617-267-6600)	7.0	38.7	5.7
D	F	Newton Income Fund Portfolio (414-347-1141)	3.2	21.3	10.4
D	D	Scudder Income Fund (800-225-2470)	4.1	21.6	10.3
D	D	Southwestern Investors Income (713-757-5656)	–0.3	16.3	12.1
A+	F	Stein Roe & Farnham Balanced Fund (800-621-0320)	5.2	43.3	4.9
A+	F	Unified Mutual Shares (800-862-7283)	5.9	45.4	4.5
D	B	Wellesley Income Fund (800-523-7025)	9.3	26.1	9.8
B	F	Wellington Fund (800-523-7025)	8.6	41.3	6.7
D	F	Wisconsin Income Fund (414-272-6133)	2.5	18.9	11.9

*Fund not in operation for full period. **Funds that were not offered to the public or whose assets did not exceed $2 million before Sept. 21, 1976, or funds that were not rated because of a change in investment policy. [23]Formerly Phoenix-Chase Convertible Fund Series. [24]Formerly Phoenix-Chase Balanced Fund Series.

	Total assets 6/30/83 (millions)	% change '83 vs '82	Maximum sales charge	Annual expenses per $100
	$1,172.1	17.7%	5.00%	$0.58
	211.4	112.5	8.50	0.65
	50.1	48.7	7.25	0.94
	8.0	25.0	7.25	1.36
	228.5	40.2	8.50	0.59
	214.3	37.6	7.25	0.84
	43.4	47.6	8.00	0.94
	38.2	25.3	8.50	1.06
	2.2	29.4	7.25	0.84
	59.9	23.3	7.25	0.78
	126.2	55.0	7.50	0.79
	64.1	41.8	8.50	1.42
	113.1	38.1	7.25	0.77
	35.4	82.5	8.50	1.39
	347.7	57.0	8.50	0.62
	155.7	28.2	6.75	0.95
	77.0	39.8	7.25	0.87
	13.1	29.7	8.50	0.98
	25.0	26.9	8.50	1.02
	42.8	69.8	4.50	1.50
	49.7	45.8	8.50	0.90
	23.5	25.7	6.50	1.50
	3.6	24.1	5.00	1.22
	3.5	66.7	8.00	1.50
	15.4	40.0	4.00	1.50
	123.6	—	6.50	1.21
	67.3	39.9	8.50	0.89
	8.1	—	8.50	1.50
	$27.6	56.8%	none	$0.87
	19.5	30.9	none	0.80
	85.1	42.6	none	0.85
	69.7	27.4	none	0.83
	99.4	49.3	none	0.84
	6.5	30.0	none	1.56
	107.0	69.3	none	0.92
	10.0	244.8	none	1.08
	97.2	41.3	none	0.73
	9.8	60.7	none	1.32
	108.2	34.4	none	0.71
	627.3	33.4	none	0.66
	14.5	42.2	none	1.00

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1983 Fund Ratings

	Investment results: Average annual total return 1973-83	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Maximum sales charge	Annual expenses per $100
Standard & Poor's 500 stock average	8.3%	53.4%	4.1%				
FORBES stock fund composite	10.8%	63.3%	2.9%				
FORBES balanced fund composite	8.8%	36.4%	7.3%				
FORBES bond and preferred stock fund composite	7.6%	19.8%	11.4%				
Balanced funds (no load)	Group averages 6.3%	35.5%	7.5%				
Not rated**							
Calvert Social Invest—Mgd Grc wth (800-368-2748)	—*	—	—*	$ 4.6	—	none	NA
Strong Investment Fund (800-558-1030)	—*	66.1%	2.5%	11.4	533.3%	none	$2.00
Strong Total Return Fund (800-558-1030)	—*	62.3	3.2	11.3	465.0	none	2.00
Unified Income Fund (800-862-7283)	—*	44.1	5.8	6.9	331.3	none	1.86
USAA Mutual Fund-Income Fund (800-531-8181)	—*	15.1	9.4	37.8	137.7	none	1.13
Bond and preferred stock funds (load)	Group averages 7.0%	21.1%	11.5%				
Not rated							
Age High Income Fund (800-227-6350)	—*	22.7%	11.5%	$54.6	247.8%	4.00%	$1.10
American General Capital Bond Fund (713-522-1111)	6.7%	23.9	10.9	95.0	28.2	8.50	0.76
American General High Yield Invest (713-522-1111)	—*	21.7	12.6	364.8	59.0	6.75	0.74
American National Bond Fund (409-766-6572)	—*	13.6	10.6	4.4	41.9	5.00	0.94
Axe-Houghton Income Fund (800-431-1030)	6.7	18.1	10.7	34.4	14.3	8.00	1.02
Bond Fund of America (213-486-9200)	—*	19.8	11.4	326.8	63.1	8.50	0.65
Carnegie Govt Secs Tr-Intermed Ser (800-321-2321)	—*	—	—*	10.3	—	1.00	1.00
CIGNA High Yield Fund (800-225-5151)	—*	25.2	12.7	58.3	41.9	7.50	1.10
Colonial High Yield Securities (800-225-2365)	6.0	26.1	12.8	74.4	80.2	8.50	1.11
Colonial Income Fund (800-225-2365)	6.9	21.3	11.8	168.5	17.3	8.50	0.80
Dean Witter High Yield Secs (212-938-4554)	—*	27.3	12.0	410.8	118.4	5.50	0.69
Delchester Bond Fund (800-523-1918)	8.0	31.3	11.0	41.2	62.9	8.50	0.90
Federated High Income Secs (800-245-5051)	—*	21.5	12.6	113.5	57.0	6.50	1.15
First Investors Bond Apprec Fund (212-825-7900)	—*	19.7	10.1	71.5	68.6	7.25	1.04
First Investors Fund for Income (212-825-7900)	9.4	17.8	13.6	789.6	53.1	8.50	0.89
Franklin Custodian US Govt Ser (800-227-6350)	4.5	14.4	10.9	116.4	1,193.3	4.00	0.99
Fund for U S Govt Securities (800-245-5051)	6.4	23.2	9.0	54.9	8.9	4.50	1.39
John Hancock Bond Fund (617-421-4506)	—*	17.7	11.4	604.1	65.3	8.00	0.85
John Hancock US Govt Secs Fund (617-421-4506)	5.5	5.0	11.7	62.9	148.6	8.00	1.18
High Income Shares (800-221-5757)	—*	21.8	12.9	64.8	119.7	7.25	1.10
High Yield Securities (713-626-1919)	—*	26.8	11.8	101.2	22.1	6.50	1.07
IDS Bond Fund (612-372-3131)	—*	27.0	12.1	1,052.7	63.8	3.50	0.60
Investment Quality Interest (800-231-4645)	—*	17.8	11.4	69.5	131.7	4.50	1.06
Investors Selective Fund (612-372-3131)	8.4	29.8	11.3	782.9	44.3	5.00	0.60
JP Income Fund (919-378-2448)	—*	20.8	10.4	22.6	-16.6	8.00	0.70
Kemper High Yield Fund (800-621-1048)	—*	27.8	12.2	182.4	53.5	6.75	0.75
Kemper Inc & Capital Preserv Fund (800-621-1048)	—*	20.2	12.1	97.0	25.7	6.00	0.62
Kemper US Govt Secs Fund (800-621-1048)	—*	12.7	11.5	135.4	762.4	4.00	0.63
Lord Abbett Bond Debenture Fund (212-425-8720)	10.6	30.0	9.6	211.7	35.4	8.50	0.71
Mass Finl Bond Fund (800-343-2829)	—*	21.1	11.3	247.6	40.8	7.25	0.84
Mass Finl High Income Tr (800-343-2829)	—*	40.3	11.5	311.5	112.8	7.25	1.03
Mass Finl Intl Tr-Bond Portfolio (800-343-2829)	—*	17.6	8.7	41.4	27.8	7.25	1.33
Merrill Lynch Corp Bond Hi Income (800-225-5150)	—*	21.3	12.3	251.9	26.8	4.00	0.85

*Fund not in operation for full period. **Funds that were not offered to the public or whose assets did not exceed $2 million before Sept. 21, 1976, or funds that were not rated because of a change in investment policy. NA: Not available.

	Investment results						
	Average annual total return 1973-83	Latest 12 months return from capital growth	Latest 12 months return from income dividends	Total assets 6/30/83 (millions)	Total assets % change '83 vs '82	Maximum sales charge	Annual expenses per $100
Standard & Poor's 500 stock average	8.3%	53.4%	4.1%				
FORBES stock fund composite	10.8%	63.3%	2.9%				
FORBES balanced fund composite	8.8%	36.4%	7.3%				
FORBES bond and preferred stock fund composite	7.6%	19.8%	11.4%				
Bond and preferred stock funds (load)	Group averages 7.0%	21.1%	11.5%				
Not rated							
Merrill Lynch Corp Bond Hi-Qual (800-225-5150)	—*	13.8%	12.0%	$118.8	97.7%	4.00%	$0.85
Merrill Lynch Corp Bond-Intermed (800-225-5150)	—*	10.9	12.1	34.0	309.6	2.00	0.24
Monthly Income Shares (800-221-5757)	—*	26.6	10.8	41.3	28.3	8.50	0.92
National Bond Fund (800-223-7757)	6.4%	22.7	13.0	196.3	73.4	7.25	0.81
National Preferred Fund (800-223-7757)	7.9	25.8	9.8	3.5	25.0	7.25	0.88
Nationwide Bond Fund (800-848-0920)	—*	15.7	10.7	4.8	220.0	7.50	0.84
NEL Income Fund (617-267-6600)	—*	14.0	10.7	34.9	30.7	8.00	0.90
Oppenheimer High Yield Fund (800-525-7048)	—*	21.6	13.5	412.2	191.3	6.75	0.96
Phoenix High Qual Bond Fund Series (800-243-1574)	—*	—	—*	2.5	—	7.00	NA
Phoenix High Yield Fund[25] (800-243-1574)	—*	19.6	12.3	35.8	132.5	7.00	1.43
Pioneer Bond Fund (800-225-6292)	—*	18.3	10.9	13.7	39.8	8.50	1.00
Prudential-Bache Govt Secs Intermed (800-221-7984)	—*	—	—*	34.1	—	1.00	0.41
Prudential-Bache High Yield Fund[26] (800-221-7984)	—*	19.9	12.6	213.5	86.6	6.75	0.94
Prudential-Bache Quality Inc Fund[27] (800-221-7984)	—*	7.7	10.9	15.5	134.9	6.75	1.51
Putnam High Yield Trust (800-343-0929)	—*	32.2	12.1	540.3	82.4	6.75	0.71
St Paul Income Fund (612-738-4000)	—*	17.8	10.4	14.8	70.1	6.00	1.12
Security Bond Fund (800-255-3557)	—*	15.1	12.2	31.7	17.4	4.75	0.79
Sentinel Bond Fund (802-229-3900)	5.0	14.8	11.6	13.2	36.1	8.50	0.91
Shearson High Yield Fund (212-577-5794)	—*	23.8	12.1	142.6	124.9	5.00	0.95
Sigma Income Shares (800-441-9490)	—*	22.9	10.2	19.9	30.1	8.50	0.80
United Bond Fund (816-283-4000)	6.7	25.0	11.7	309.1	36.5	8.50	0.52
United High Income Fund (816-283-4000)	—*	23.1	12.5	476.6	82.3	8.50	0.90
Venture Income (+) Plus (505-983-4335)	—*	22.8	12.8	20.3	97.1	8.50	1.87
Bond and preferred stock funds (no load)	Group averages 7.2%	16.2%	10.8%				
Not rated							
Aetna Income Shares (203-273-4806)	—*	16.3%	10.3%	$126.1	182.7%	†	$0.25
Alliance Bond Fund (212-269-1500)	—*	16.3	11.2	14.8	17.5	none	1.00
American Investors Income Fund (800-243-5353)	—*	36.5	10.7	18.2	44.4	none	1.56
Babson (DL) Income Trust (800-821-5591)	6.2%	15.0	11.3	36.3	34.0	none	0.75
Boston Co Govt Income Fund (800-343-6324)	—*	10.7	7.7	5.3	82.8	none	1.50
Calif Fund-Intermed & LT U S Govt[28] (800-321-0718)	—*	13.3	10.0	4.6	–4.2	none	1.90
Calvert Income Fund (800-368-2748)	—*	—	—*	7.3	—	none	NA
Capital Preserv Treasury Note Tr (800-227-8380)	—*	7.0	9.7	10.3	32.1	none	1.00
Columbia Fixed Income Secs Fund (800-547-1037)	—*	—	—*	30.8	—	none	1.06
Composite Income Fund (800-541-0830)	—*	28.8	10.4	4.3	34.4	none	1.13
Dreyfus A Bonds Plus (800-645-6561)	—*	12.9	11.4	109.5	273.7	none	0.95
Federated GNMA Trust (800-245-4270)	—*	8.2	11.7	148.9	NM	none	0.45
Federated Income Trust (800-245-4270)	—*	4.8	14.0	147.9	NM	none	0.44
Federated Intermediate Govt Tr (800-245-4270)	—*	—	—*	16.2	—	none	NA
Fidelity Corporate Bond Fund (800-225-6190)	6.9	13.9	11.4	152.8	47.5	none	0.81

*Fund not in operation for full period. †Fund not currently selling new shares. [25]Formerly Phoenix-Chase High Yield Fund. [26]Formerly Chancellor High Yield Fund. [27]Formerly Chancellor Quality Income Fund. [28]Formerly California Fund for Inv in US Govt Secs. NA: Not available. NM: Not meaningful.

1983 Fund Ratings

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1973-83	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	8.3%	53.4%	4.1%				
		FORBES stock fund composite	10.8%	63.3%	2.9%				
		FORBES balanced fund composite	8.8%	36.4%	7.3%				
		FORBES bond and preferred stock fund composite	7.6%	19.8%	11.4%				
		Bond and preferred stock funds (no load)	Group averages 7.2%	16.2%	10.8%				
		Not rated							
		Fidelity Govt Secs Fund Ltd (800-225-6190)	—*	10.8%	10.8%	$ 82.3	23.8%	none	$0.91
		Fidelity High Income Fund (800-225-6190)	—*	27.2	12.3	221.6	92.7	none	0.83
		Fidelity Thrift Trust (800-225-6190)	—*	10.3	11.1	96.7	56.7	none	0.70
		Financial Bond Shares (800-525-7069)	—*	12.9	11.1	8.1	84.1	none	0.00
		Hutton Investment-Bond & Inc Ser (212-742-5000)	—*	11.5	11.0	162.9	498.9	none	1.88
		Keystone Custodian Funds-B-1 (800-343-2898)	7.9%	24.0	10.3	58.5	25.3	none	0.74
		Keystone Custodian Funds-B-2 (800-343-2898)	9.7	28.6	10.9	81.9	25.6	none	0.70
		Keystone Custodian Funds-B-4 (800-343-2898)	10.0	27.4	10.7	431.9	23.1	none	0.67
		Lexington GNMA Income Fund (800-526-4791)	—*	10.0	10.7	19.1	247.3	none	1.59
		Liberty Fund (800-225-1596)	2.2	22.8	7.7	8.6	17.8	none	1.50
		Midwest Inc Tr-Intermed Govt Fund (800-543-0407)	—*	3.4	10.4	28.3	335.4	none	1.01
		Mutual of Omaha America Fund (800-228-9596)	—*	–0.7	10.4	20.7	132.6	none	1.38
		North Star Bond Fund (612-371-7780)	—*	18.8	10.4	13.0	49.4	none	0.90
		Northeast Investors Trust (800-225-6704)	7.8	24.2	11.8	175.2	39.2	none	0.69
		T Rowe Price New Income Fund (800-638-5660)	—*	9.6	12.3	687.2	70.1	none	0.59
		PRO Income Fund (800-523-0864)	—*	25.7	9.5	24.1	23.0	none	1.16
		Qualified Dividend-Portfolio II (800-523-7025)	—*	19.3	11.0	56.7	112.4	none	0.75
		SAFECO Special Bond Fund (800-426-6730)	—*	11.7	9.0	2.2	46.7	none	1.00
		Steadman Associated Fund (800-424-8570)	7.2	33.3	7.7	34.4	20.3	none	1.78
		SteinRoe Bond Fund (800-621-0320)	—*	13.6	10.7	84.1	197.2	none	0.79
		Transamerica New Income (800-631-0749)	6.8	13.9	11.1	4.7	30.6	none	1.50
		20th Century US Governments (816-531-5575)	—*	—	—*	15.1	—	none	1.02
		The Value Line Bond Fund (800-223-0818)	—*	17.1	10.9	59.9	129.5	none	0.83
		Vanguard Fixed Income Secs-GNMA (800-523-7025)	—*	12.4	12.1	123.5	302.3	none	0.57
		Vanguard Fixed Income Secs-Hi Yield (800-523-7025)	—*	15.3	14.1	72.1	365.2	none	0.71
		Vanguard Fixed Income Secs-Invest Gr (800-523-7025)	—*	14.1	11.8	65.2	67.2	none	0.75
		Vanguard Fixed Income Secs-ST (800-523-7025)	—*	—	—*	157.9	—	none	0.51
		Stock funds (closed end)	Group averages 13.9%	63.8%	3.3%			% prem (+) or disc (–)	
C	C	The Adams Express Co (301-752-5900)	12.9%	45.2%	5.4%	$376.2	44.3%	–13.2%	$ 0.56
A	A	ASA Limited (212-754-9375)	24.4	113.0	4.8	642.9	113.0	+1.2	0.25
C	B	Baker, Fentress & Co (312-236-9190)	13.5	63.9	3.0	360.5	61.4	–27.1	0.46
A+	F	Central Securities (212-688-3011)	14.9	75.0	2.6	103.7	68.3	–21.3	0.89
C	A	Claremont Capital (206-324-0901)	14.7	37.7	5.3	41.1	33.0	–23.0	1.14
A+	D	General American Investors (212-949-2800)	14.0	73.5	1.6	280.3	70.3	–4.2	1.53
B	A	Highland Capital Corp (212-832-3112)	15.4	109.9	none	15.9	109.2	+28.4	6.67
D	A	The Japan Fund (212-757-7087)	10.8	33.1	1.0	238.5	29.1	–5.2	0.71
B	D	The Lehman Corp (800-221-5350)	10.7	63.4	3.7	795.6	58.1	–10.5	0.51
A	F	Niagara Share Corp (716-856-2600)	11.0	64.7	2.0	186.6	60.2	–4.7	1.28
B	C	Petroleum & Resources Corp (301-752-5900)	14.6	32.3	4.8	266.9	45.9	+0.3	0.59

*Fund not in operation for full period.

Performance in UP markets	Performance in DOWN markets		Investment results: Average annual total return 1973-83	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	% prem (+) or disc (–)	Annual expenses per $100
		Standard & Poor's 500 stock average	**8.3%**	**53.4%**	**4.1%**				
		FORBES stock fund composite	**10.8%**	**63.3%**	**2.9%**				
		FORBES balanced fund composite	**8.8%**	**36.4%**	**7.3%**				
		FORBES bond and preferred stock fund composite	**7.6%**	**19.8%**	**11.4%**				
		Stock funds (closed end)	**Group averages**						
			13.9%	**63.8%**	**3.3%**				
D	A	**Source Capital** (800-421-4374)	20.7%	42.4%	6.9%	$256.3	26.5%	–9.6%	$0.99
A+	F	**Spectra Fund** (800-223-3810)	10.9	93.7	none	5.9	96.7	–54.1	3.10
C	F	**Tri-Continental Corp** (800-221-2450)	9.6	64.1	3.8%	1,078.1	57.8	–15.5	0.58
C	D	**US & Foreign Securities** (212-754-9374)	10.1	48.9	3.9	192.4	39.6	–6.0	1.15
		Not rated**							
		CL Assets (800-225-1596)	—*	NM	none	22.0	74.6	+125.2	1.60
		Engex (800-221-4333)	—*	150.0	none	27.7	149.6	–38.4	0.76
		Equity Strategies Fund (213-613-8656)	—*	49.8	3.2	8.0	50 9	–18.5	1.50
		The Mexico Fund (212-692-8177)	—*	–39.6	14.2	22.6	–39.6	+121.2	3.29
		Nautilus Fund (617-482-8260)	—*	91.1	0.6	28.9	91.4	+12.3	1.45
		Balanced funds (closed end)	**Group averages**						
			15.3%	**45.5%**	**5.0%**				
A+	B	**American General Convertible Secs** (713-522-1111)	16.4%	46.9%	7.5%	$77.9	43.5%	+7.7%	$0.91
A+	D	**Bancroft Convertible Fund** (212-269-9236)	13.2	44.1	5.9	48.6	46.0	–9.6	1.60
A	B	**Castle Convertible Fund** (800-223-3810)	16.4	47.5	6.6	38.0	38.7	–4.2	1.39
D	•F	**Cyprus Corp** (617-482-6500)	—*	43.5	none	29.2	–35.3	NM	2.33
		Bond and preferred stock funds (closed end)	**Group averages**						
			8.5%	**22.2%**	**11.8%**				
		Not rated							
		American General Bond Fund (713-522-1111)	7.7%	23.8%	12.1%	$190.5	24.9%	–7.8%	$0.75
		Bunker Hill Income Securities (213-613-7054)	—*	20.2	12.9	46.1	20.1	–7.4	0.94
		Circle Income Shares (317-639-8177)	—*	21.2	11.1	29.5	24.5	+3.9	0.75
		CNA Income Shares (212-952-5000)	—*	24.8	12.3	54.4	25.6	–7.4	0.97
		Current Income Shares (213-480-6748)	—*	27.8	11.6	37.4	27.7	–6.9	1.00
		Drexel Bond-Debenture Trading Fund (215-545-4100)	8.0	25.3	10.9	45.1	25.3	+0.2	1.26
		Excelsior Income Shares (212-425-7120)	—*	20.8	12.0	37.5	21.0	–7.7	0.93
		Federated Income & Priv Placement (800-245-2423)	9.0	19.7	13.0	41.7	23.4	–7.9	1.55
		Fort Dearborn Income Securities (312-346-0676)	6.8	26.6	11.3	85.7	26.6	–5.5	0.84
		John Hancock Income Securities (617-421-2909)	—*	25.0	11.8	133.4	25.3	–10.0	0.80
		John Hancock Investors (617-421-2909)	8.5	19.8	11.7	125.1	21.8	–7.8	0.81
		Hatteras Income Securities (704-333-7808)	—*	23.7	11.3	45.4	24.0	–0.1	0.98
		INA Investment Securities (203-726-7800)	—*	20.5	11.8	75.1	23.1	–3.6	0.95
		Independence Square Inc Secs (302-792-8800)	7.4	22.3	12.4	28.4	22.9	–5.3	1.13
		InterCapital Income Securities (212-938-4554)	—*	24.8	12.0	173.0	28.7	–1.9	0.71
		Lincoln National Direct Placement (219-427-3655)	11.0	25.9	11.4	58.0	26.1	–16.5	1.02
		MassMutual Corporate Investors (413-788-8411)	12.5	24.3	11.0	108.7	24.4	–13.9	1.09
		MassMutual Income Investors (413-788-8411)	8.0	16.6	11.7	116.0	18.3	+1.6	1.05
		Montgomery St Income Securities (415-982-8020)	—*	24.2	11.6	142.6	24.1	–5.3	0.71
		Mutual of Omaha Interest Shares (800-228-9596)	7.4	13.6	11.4	80.5	15.7	–2.9	0.84
		Pacific American Income Shares (213-449-0309)	—*	22.4	11.8	80.4	22.4	–12.8	0.78
		Paul Revere Investors (617-799-4441)	8.4	8.3	12.0	39.0	8.6	–5.5	1.39
		St Paul Securities (800-328-1064)	7.8	18.9	11.6	103.3	19.8	–5.9	0.98
		State Mutual Securities (800-251-4653)	—*	19.6	12.0	86.1	19.6	–5.7	1.15

•Fund rated for two periods only; maximum allowable rating A. *Fund not in operation for full period. **Funds that were not offered to the public or whose assets did not exceed $2 million before Sept. 21, 1976, or funds that were not rated because of a change in investment policy. NM: Not meaningful.

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1983 Fund Ratings

		Investment results: Average annual total return 1973-83	Latest 12 months: return from capital growth	Latest 12 months: return from income dividends
	Standard & Poor's 500 stock average	8.3%	53.4%	4.1%
	FORBES stock fund composite	10.8%	63.3%	2.9%
	FORBES balanced fund composite	8.8%	36.4%	7.3%
	FORBES bond and preferred stock fund composite	7.6%	19.8%	11.4%
	Bond and preferred stock funds (closed end)	Group averages 8.5%	22.2%	11.8%
	Not rated			
	Transamerica Income Shares (800-631-0749)	9.1%	30.0%	11.4%
	USLIFE Income Fund (212-709-6616)	7.8	23.6	13.3
	Vestaur Securities (215-567-2000)	7.8	25.3	12.2
Kind of shares	**Dual purpose funds**	Group averages 7.7%	151.2%	11.9%
Capital	Gemini Fund (800-523-7025)	12.8%	76.2%	none
Income	Gemini Fund (800-523-7025)	—	—	13.6%
Capital	Hemisphere Fund (800-225-1596)	2.6	226.1	none
Income	Hemisphere Fund (800-225-1596)	—	—	10.2
	Exchange funds	Group averages 7.9%	57.5%	2.7%
	Not rated			
	American General Exchange Fund (713-522-1111)	—*	51.5%	2.7%
	Capital Exchange Fund (617-482-8260)	8.1%	56.6	2.3
	Chestnut St Exchange Fund (302-792-8800)	—*	60.4	2.6
	Depositors Fund of Boston (617-482-8260)	7.2	63.4	2.4
	Diversification Fund (617-482-8260)	7.3	61.8	2.5
	Exchange Fund of Boston (617-482-8260)	8.5	64.8	2.2
	Federated Exchange Fund (800-245-2423)	—*	47.8	3.2
	Fidelity Congress Street Fund (800-225-6190)	5.5	39.7	3.9
	Fidelity Exchange Fund (800-225-6190)	—*	51.9	3.1
	Fiduciary Exchange Fund (617-482-8260)	10.3	75.2	2.3
	Second Fiduciary Exchange Fund (617-482-8260)	7.7	65.0	2.7
	State Street Exchange Fund (617-482-3920)	—*	55.2	2.8
	State Street Growth Fund[29] (617-482-3920)	8.7	54.2	3.1
	Vance, Sanders Exchange Fund (617-482-8260)	—*	57.1	2.3
Portfolio avg maturity (days)	**Money market funds†**	Date started		
	These funds invest primarily in US government and federal agency obligations			
42	Active Assets Govt Securities Trust (800-221-3778)	7/81	—	8.2%
34	Alliance Govt Reserves-US Govt (800-223-6300)	7/79	—	8.2
52	Alliance Govt Reserves-US Treasury (800-223-6300)	11/82	—*	—
38	Alpha Cash Mgmt Fund-Govt Secs (800-241-1662)	10/81	—	8.7
26	American Express Govt Money Fund (800-343-1300)	6/82	—	8.5
27	Automated Govt Money Trust (800-245-4270)	8/82	—	—*
23	Boston Co Govt Money Fund (800-343-6324)	5/82	—	8.3
29	Alex Brown Cash Res Fund-Govt Ser (800-638-4276)	4/82	—	8.4

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial services account which has a minimum initial investment. [29]Formerly Federal Street Fund. NA: Not available.

Total assets 6/30/83 (millions)	% change '83 vs '82	% Prem (+) or disc (–)	Annual expenses per $100
$103.8	30.1%	–3.6%	$0.71
50.1	24.9	–8.2	1.32
72.8	27.5	–9.1	1.10
$119.0	52.4%	–4.9% +40.1	$0.91
25.1	26.8	+13.8 –13.8	1.01
		Maximum sales charge	
$56.6	38.7%	none	$0.73
67.9	42.7	none	0.70
130.2	46.8	none	0.66
60.5	47.2	none	0.76
63.1	35.4	none	0.75
59.1	48.5	none	0.76
93.6	21.7	none	1.09
44.6	20.5	none	0.84
126.4	37.7	none	0.66
54.2	60.4	none	0.77
70.4	47.3	none	0.72
131.5	44.8	none	0.58
244.2	32.6	none	0.55
151.1	50.1	none	0.72
		Minimum initial investment	
$111.9	11.8%	none†	$0.75
158.8	–25.3	none	0.92
5.2	—	none	0.92
2.6	–46.9	$1,000	1.00
15.7	55.5	1,000	0.75
47.2	—	100,000	0.75
29.7	350.0	1,000	0.75
63.4	34.9	1,500	0.51

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*According to the July 18, 1983, Donoghue's Money Fund Report, the Fund had the best investment performance for the 12 months ending May 31, 1983.

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1983 Fund Ratings

Portfolio average maturity (days)		Date started	Investment results: Latest 12 months return from capital growth	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			4.1%				
	FORBES stock fund composite			2.9%				
	FORBES balanced fund composite			7.3%				
	FORBES bond and preferred stock fund composite			11.4%				
	Money market funds†							
	These funds invest primarily in US government and federal agency obligations							
40	**Calvert Cash Res-US Treas Portfolio** (800-368-2748)	11/82	—	—*	$ 4.6	—	$2,000	NA
33	**Capital Preservation Fund** (800-227-8380)	10/72	—	7.9%	1,677.5	-14.6%	1,000	$0.81
3	**Capital Preservation Fund II** (800-227-8380)	6/80	—	8.2	624.9	-44.1	5,000	0.83
18	**Cardinal Govt Securities Tr** (800-848-7734)	9/80	—	9.0	302.1	-15.1	1,000	0.75
15	**Carnegie Govt Secs Trust-MM Series** (800-321-2321)	4/80	—	8.5	169.1	-17.2	1,000	0.70
40	**Cash Equiv Fund-Govt Sec Portfolio** (800-621-1048)	12/81	—	8.6	405.5	-13.0	1,000	0.71
13	**Centennial Government Trust** (800-525-9311)	11/81	—	7.6	9.1	33.8	none†	1.37
39	**CMA Govt Securities Fund** (800-262-4636)	8/81	—	8.7	1,237.3	26.3	none†	0.55
16	**Command Government Fund** (800-222-4321)	2/82	—	8.3	52.8	877.8	none†	0.02
30	**Composite US Govt Securities** (800-541-0830)	9/82	—	—*	2.7	—	1,000	NA
40	**Current Interest-US Govt Portfolio** (713-751-2400)	9/82	—	—*	39.0	—	1,000	NA
42	**Daily Cash Government Fund** (800-525-9310)	3/82	—	7.9	59.3	-23.4	500	0.96
44	**DBL Cash Fund-Govt Secs Portfolio** (212-480-4155)	3/82	—	8.7	174.1	59.7	1,000	0.66
43	**Dean Witter/Sears US Govt MM Tr**[30] (800-621-2525)	2/82	—	8.1	325.5	0.9	1,000	1.07
26	**Delaware Treasury Reserves** (800-523-4640)	4/82	—	8.7	65.9	260.1	1,000	0.80
.66	**Dreyfus MM Instru-Govt Sec Series** (800-645-6561)	5/79	—	9.2	875.0	32.1	2,500	0.62
45	**Equitable Govt Securities Account** (800-223-0970)	6/83	—	—*	10.0	—	1,000	NA
24	**Fidelity MM Trust-US Govt Port** (800-225-6190)	5/79	—	8.8	633.5	-8.4	250,000	0.42
9	**Fidelity MM Trust-US Treasury Port** (800-225-6190)	4/81	—	8.6	167.2	-2.4	250,000	0.42
16	**Fidelity US Government Reserves** (800-225-6190)	11/81	—	8.5	290.3	-4.5	1,000	0.86
3	**Financial Planners Fed Secs Fund** (800-424-8570)	2/80	—	8.2	11.9	-24.2	500	1.10
1	**First Trust MM Fund-Govt Port**[31] (800-621-4770)	11/80	—	7.7	3.5	-34.0	none	1.53
21	**First Variable Rate Fund for Govt Inc** (800-368-2748)	12/76	—	8.8	815.7	-42.0	2,000	0.78
44	**Florida Mutual US Govt Sec-ST** (305-522-0200)	10/80	—	7.8	5.3	-44.2	1,000	1.52
4	**Franklin Federal Money Fund** (800-227-6781)	5/80	—	7.6	111.5	-28.3	500	0.90
32	**Fund for Government Investors** (202-861-1800)	3/75	—	8.5	922.1	-29.7	2,500	0.62
32	**GEICO Invest Ser Tr-Govt Secs Cash** (301-986-2500)	2/82	—	8.8	73.8	8.1	1,000	0.80
1	**GIT Cash Trust-Govt MM Fund** (800-336-3063)	12/82	—	—*	11.3	—	1,000	1.69
13	**Government Investors Trust** (800-336-3063)	7/79	—	9.2	403.4	-42.3	2,000	0.97
26	**Government Money Instruments Tr** (412-288-1450)	6/82	—	8.3	78.6	NM	1,000	0.39
31	**Gradison US Government Trust** (800-543-1818)	4/82	—	8.2	21.4	-2.3	1,000	1.00
1	**Great Lakes Money Fund** (800-862-7283)	1/82	—	8.6	4.6	-31.3	1,000	1.09
24	**Hilliard-Lyons Government Fund**[32] (800-626-2023)	1/81	—	8.2	130.2	-37.4	3,000	0.75
16	**Wayne Hummer Money Fund Tr-Govt** (800-621-4477)	4/82	—	7.4	2.8	-76.9	1,000	1.00
30	**Hutton Government Fund** (212-742-6003)	6/82	—	9.1	631.1	352.1	10,000	0.72
30	**IDS Govt Securities Money Fund** (800-328-8300)	3/82	—	8.5	17.9	-44.1	2,000	0.74
40	**Kemper Govt MM Fund** (800-621-1048)	11/81	—	8.4	83.0	-20.0	1,000	0.89
19	**Kidder Peabody Govt Money Fund** (212-635-5081)	5/83	—	—*	23.3	—	1,500	NA
21	**Lehman Government Fund** (800-221-5350)	10/81	—	8.2	105.9	-34.3	2,500	0.87
34	**Lexington Govt Securities MM Fund**[33] (800-526-4791)	1/82	—	8.1	20.7	-25.8	1,000	1.08
38	**Mass Cash Mgmt Tr-Govt Series** (800-343-2829)	2/82	—	8.2	16.5	-9.8	1,000	0.71
41	**Merrill Lynch Government Fund** (800-225-1576)	9/77	—	8.5	1,538.6	-2.3	5,000	0.45
38	**Merrill Lynch USA Govt Reserves** (800-221-7210)	11/82	—	—*	108.1	—	5,000	NA
16	**Midwest Inc Tr-ST Govt Fund** (800-543-0407)	12/74	—	8.4	163.9	-39.7	1,000	0.94
17	**The Money Fund of US Treas Secs** (800-523-0864)	3/82	—	6.9	5.9	9.3	2,000	2.00

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial services account which has a minimum initial investment. NA: Not available. [30]Formerly Sears US Government Money Market Trust. [31]Formerly Principal Protection Government Investment Fund. [32]Formerly Hilliard-Lyons Cash Management. [33]Formerly ASTA Government Securities Money Market Fund. NM: Not meaningful.

Portfolio average maturity (days)		Date started	Investment results: Latest 12 months return from capital growth	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			4.1%				
	FORBES stock fund composite			2.9%				
	FORBES balanced fund composite			7.3%				
	FORBES bond and preferred stock fund composite			11.4%				
	Money market funds†							
	These funds invest primarily in US government and federal agency obligations							
40	Nationwide US Govt MM Fund (800-848-0920)	11/82	—	—*	$ 2.3	—	$1,000	$1.00
42	NEL Cash Mgt Tr-US Govt Series (800-225-7670)	6/82	—	8.2%	25.2	869.2%	1,000	0.75
30	Oppenheimer US Government Trust (800-525-7048)	7/82	—	—*	7.6	—	1,000	1.08
33	Paine Webber RMA Money–US Govt (800-762-1000)	10/82	—	—*	68.2	—	none†	0.50
40	T Rowe Price US Treas Money Fund (800-638-5660)	6/82	—	8.1	113.2	2,802.6	2,000	0.51
30	Prime Government Money Fund (800-328-4891)	10/82	—	—*	4.9	—	1,000	0.09
35	Prudential-Bache Govt Secs Tr-MM[34] (800-221-7984)	1/82	—	8.3	216.5	–15.0	1,000	0.59
83	Renaissance Assets Trust-Govt (800-521-1264)	7/82	—	—*	20.7	—	1,000	0.98
1	Reserve CPA-Govt Portfolio (212-246-3550)	10/82	—	—*	14.1	—	1,000	NA
2	The Reserve Fund-Govt Portfolio (800-223-5547)	10/81	—	8.4	272.2	–24.7	1,000	0.78
40	Scudder Government Money Fund (800-225-2470)	11/81	—	8.2	141.1	19.1	1,000	0.78
35	Selected MM Fund-Govt Port (800-621-7321)	5/82	—	7.7	5.4	125.0	1,000	1.04
29	Seligman Cash Mgmt-Govt Port (800-221-2450)	9/82	—	—*	11.4	—	1,000	1.38
41	Shearson FMA Government Fund (800-221-3636)	2/82	—	8.2	66.8	588.7	none†	0.75
42	Shearson Govt and Agencies (212-577-5794)	10/80	—	8.8	908.4	8.3	5,000	0.64
37	Short Term Inc Fund–US Govt Port(212-370-1240)	11/82	—	—*	33.8	—	5,000	NA
7	Sigma Govt Securities Fund (800-441-9490)	9/80	—	7.7	3.0	–25.0	500	0.80
27	SteinRoe Government Reserves (800-621-0320)	9/82	—	—*	12.3	—	2,500	2.29
45	Strategic Treasury Positions (800-527-5027)	11/81	—	7.4	8.0	–5.9	1,000	1.10
40	Tucker Anthony Govt Secs Fund (800-225-6258)	2/82	—	8.3	81.5	–7.2	2,500	0.80
111	USAA Mutual Fund-Fed Secs MM (800-531-8181)	1/83	—	—*	2.8	—	1,000	NA
41	United Services Gp-US Treas Secs (800-531-5777)	2/82	—	7.1	37.6	623.1	1,500	1.64
33	Vanguard Money Market Tr-Fed Port (800-523-7025)	7/81	—	8.6	356.2	–27.9	1,000	0.49
	These funds invest primarily in obligations exempt from federal income tax							
48	Active Assets Tax-Free Trust (800-221-3778)	7/81	—	5.3	183.4	517.5	none†	0.79
74	Alliance Tax-Exempt Reserves (800-223-6300)	1/83	—	—*	68.3	—	none	NA
30	D L Babson Tax-Free Inc Fund-MM (800-821-5591)	2/81	—	5.0	3.2	23.1	1,000	0.75
76	Calvert Tax-Free Reserves-MM Port(800-368-2748)	4/81	—	5.6	126.0	121.8	2,000	0.91
46	Carnegie Tax Free Income Trust (800-321-2321)	8/82	—	—*	50.1	—	5,000	NA
79	Centennial Tax Exempt Trust (800-525-9310)	9/81	—	5.0	42.2	248.8	none†	0.75
74	CIGNA Tax-Exempt Cash Fund (800-225-5151)	10/82	—	—*	9.2	—	5,000	0.86
41	CMA Tax-Exempt Fund (800-262-4636)	1/81	—	5.3	2,536.2	201.2	none†	0.50
91	Command Tax-Free Fund (800-222-4321)	2/82	—	4.9	116.9	5,213.6	none†	0.00
36	Current Interest-Tax Free Portfolio (713-751-2400)	5/83	—	—*	21.6	—	1,000	NA
111	Daily Cash Tax Exempt Fund (303-740-1568)	1/81	—	5.0	74.9	172.4	5,000	0.88
62	Daily Tax Free Income Fund (212-370-1240)	11/82	—	—*	214.1	—	5,000	0.76
66	DBL Tx-Fr Cash Fund (800-272-2700)	4/83	—	—*	38.5	—	1,000	NA
49	Dean Witter/Sears Tx-Fr Daily[35] (800-221-2685)	2/81	—	5.7	263.1	83.3	5,000	0.67
97	Delaware Tax-Free Money Fund (800-523-4640)	9/81	—	5.4	34.0	123.7	5,000	0.81
82	Dreyfus Tax Exempt MM Fund (800-223-5255)	8/80	—	5.6	1,512.2	121.4	5,000	0.58
66	Eaton Vance Tax Free Reserves (800-225-6265)	12/82	—	—*	15.1	—	1,000	NA
24	Equitable Tax-Free Account (800-223-0970)	6/83	—	—*	10.2	—	1,000	NA
57	Federated Tax-Free Trust (800-245-4270)	3/79	—	5.3	3,098.2	21.4	25,000	0.45
74	Fidelity Tax-Exempt MM Tr (800-225-6190)	1/80	—	5.5	1,955.1	57.9	10,000	0.37
52	Franklin Tax-Exempt Money Fund (800-227-6781)	2/82	—	5.3	62.8	287.7	500	0.80

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial services account which has a minimum initial investment. [34]Formerly Chancellor Government Securities Trust. [35]Formerly InterCapital Tax-Free Daily Income Fund. NA: Not available.

1983 Fund Ratings

Portfolio average maturity (days)		Date started	Investment results: Latest 12 months return from capital growth	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			**4.1%**				
	FORBES stock fund composite			**2.9%**				
	FORBES balanced fund composite			**7.3%**				
	FORBES bond and preferred stock fund composite			**11.4%**				
	Money market funds†							
	These funds invest primarily in obligations exempt from federal income tax							
84	GIT Tax-Free Trust MM (800-336-3063)	12/82	—	—*	$ 8.9	—	$2,000	NA
77	IDS Tax-Free Money Fund (800-328-8300)	8/80	—	5.6%	61.6	102.6%	2,000	$0.64
36	Lehman Tax-Free Money Mkt Fund (800-221-5350)	10/82	—	—*	102.2	—	2,500	0.44
85	Lexington Tax Free Money Fund[36] (800-526-4791)	10/77	—	5.7	50.8	183.8	1,000	1.09
85	MFS Muni Working Capital Tr[37] (800-343-2829)	3/80	—	5.0	8.3	72.9	1,000	1.00
51	Midwest Gp Tax Free Tr-MM Port[38] (800-543-8721)	9/81	—	5.2	21.6	2.4	2,500	0.81
87	Municipal Cash Reserve Mgmt (212-742-6003)	5/81	—	5.7	691.5	203.0	10,000	0.61
59	MuniFund (800-221-8120)	2/80	—	5.2	1,094.8	7.0	5,000	0.36
71	NEL Tax Exempt MM Trust (800-225-7670)	4/83	—	—*	6.7	—	1,000	NA
40	Nuveen Tax-Exempt MM Fund (800-621-2431)	4/81	—	5.6	905.3	160.9	25,000	0.45
65	Nuveen Tax-Free Reserves (800-621-7210)	11/82	—	—*	53.2	—	1,000	NA
51	Paine Webber RMA Tax-Free Fund (800-762-1000)	10/82	—	—*	110.8	—	none†	NA
61	Parkway Tax-Free Reserves[39] (800-441-7786)	3/81	—	5.0	29.6	52.6	1,000	1.00
93	T Rowe Price Tax-Exempt Money Fd (800-638-5660)	4/81	—	5.9	636.4	306.4	2,000	0.70
108	Prudential-Bache Tax-Free Money[40] (800-528-6166)	8/79	—	5.3	143.9	88.1	2,500	0.73
88	Scudder Tax Free Money Fund (800-225-2470)	1/80	—	5.0	149.6	13.4	1,000	0.67
58	Shearson Daily Tax-Free Dividend (212-577-5794)	10/82	—	—*	79.2	—	5,000	0.75
63	Shearson FMA Municipal Fund (800-221-3636)	3/82	—	4.9	131.4	63.2	none†	0.75
32	SteinRoe Tax-Exempt Money Fund (800-621-0320)	3/83	—	—*	65.8	—	2,500	NA
98	Tax-Exempt Money Market Fund (800-621-1048)	7/82	—	—*	145.8	—	1,000	0.74
53	Tax Free Cash Reserve-Gen Ser (800-638-4276)	3/83	—	*	31.7	—	10,000	0.35
30	Tax-Free Instruments Trust (800-245-5048)	12/82	—	—*	71.2	—	1,000	NA
65	The Tax Free Money Fund (800-522-7405)	4/81	—	5.2	225.7	137.6	5,000	0.58
106	Tucker Anthony Tax Exempt Money (800-225-6258)	12/82	—	—*	31.4	—	2,500	0.28
70	Vanguard Muni Bond-Money Market (800-523-7025)	5/80	—	5.6	281.9	124.1	3,000	0.48
345	Vanguard Muni Bond-Short Term (800-523-7025)	9/77	—	6.7	327.2	102.5	3,000	0.48
	These funds invest in various types of money market instruments							
42	Active Assets Money Trust (800-221-3778)	7/81	—	9.4	1,272.3	68.6	none†	0.59
46	Alliance Capital Reserves (800-221-5672)	7/78	—	8.9	862.2	-42.7	none	0.79
40	Alpha Cash Mgmt Fund-MM Portfolio (800-241-1662)	10/81	—	8.4	2.2	-82.4	1,000	1.00
22	American Express Money Fund (800-343-1300)	6/82	—	9.3	27.4	171.3	1,000	0.75
16	American General Reserve Fund (713-522-1111)	7/74	—	9.5	260.9	-36.9	1,000	0.87
7o	American National Money Market Fund	12/81	—	9.7	15.6	25.8	2,000	0.76
24	Automated Cash Management Trust (800-245-4270)	5/82	—	8.7	71.9	382.6	100,000	0.87
22	Axe-Houghton Money Market Fund (800-526-3187)	9/81	—	8.7	34.3	172.2	1,000	0.75
32	DL Babson MM Fund-Prime Portfolio (800-821-5591)	3/80	—	9.3	70.4	-18.4	1,000	0.75
22	Birr, Wilson Money Fund (415-983-7700)	3/81	—	8.7	74.2	-37.2	1,000	0.90
20	BLC Cash Management Fund (800-247-4123)	2/83	—	—*	7.8	—	1,000	0.50
27	Boston Co Cash Mgmt Fund (800-343-6324)	8/79	—	9.6	268.4	-5.4	1,000	0.73
30	Alex Brown Cash Res Fund-Prime Ser (800-638-4276)	8/81	—	9.4	572.0	-5.8	1,500	0.58
13	RC Brown Money Market Fund (212-248-5987)	6/82	—	8.0	15.1	125.4	100	1.00
24	Calvert Cash Reserves-Prime Port (800-368-2748)	11/82	—	—*	12.3	—	2,000	NA
23	Calvert Social Invest Fund-MM Port(800-368-2748)	11/82	—	—*	15.5	—	1,000	NA
17	CAM Fund[41] (800-423-2345)	10/81	—	8.6	11.8	40.5	500	1.18
18	Capital Cash Management Trust (212-697-6666)	7/74	—	9.1	135.1	-13.6	1,000	0.67
36	Cash Equiv Fund-MM Portfolio (800-621-1048)	3/79	—	9.9	4,117.5	0.6	1,000	0.62

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial service account which has a minimum initial investment. [36]Formerly Lexington Tax Free Daily Income Fund. [37]Formerly MFS Tax-Exempt Money Market Trust. [38]Formerly Fourth St Tax Free Inc Tust-Money Mkt Portfolio. [39]Formerly INA Tax-Free Reserves. [40]Formerly Chancellor Tax-Free Money Fund. [41]Formerly Pennsylvania Money Fund. NA: Not available.

Portfolio average maturity (days)		Date started	Investment results: Latest 12 months return from capital growth	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			**4.1%**				
	FORBES stock fund composite			**2.9%**				
	FORBES balanced fund composite			**7.3%**				
	FORBES bond and preferred stock fund composite			**11.4%**				
	Money market funds†							
	These funds invest in various types of money market instruments							
19	**Cash Mgmt Trust of America** (800-421-0180)	11/76	—	9.3%	$535.5	–26.8%	$5,000	$0.54
34	**Cash Reserve Management** (212-742-6003)	1/77	—	9.6	4,783.4	–33.6	10,000	0.42
26	**Centennial Money Market Trust** (800-525-9310)	11/81	—	9.0	148.8	313.3	none†	1.07
20	**Chancellor Cash Fund** (800-528-6166)	4/82	—	9.2	18.9	190.8	1,000	0.60
26	**CIGNA Cash Fund** (800-225-5151)	10/82	—	—*	22.7	—	5,000	0.78
23	**CIGNA Money Market Fund**[42] (800-225-5151)	1/75	—	9.5	258.1	–8.5	500	0.55
39	**CMA Money Fund** (800-262-4636)	9/77	—	9.4	11,900.0	–14.4	none†	0.44
30	**Colonial Money Market Trust** (800-225-2365)	1/81	—	9.0	10.5	–23.9	3,000	1.07
29	**Columbia Daily Income Co** (800-547-1037)	11/74	—	8.7	451.3	–52.1	1,000	0.74
31	**Command Money Fund** (800-222-4321)	2/82	—	9.3	441.9	1,223.1	none†	0.50
26	**Composite Cash Management** (800-541-0830)	11/79	—	9.1	167.2	–52.5	1,000	0.91
33	**Connecticut Mutual Liquid Acct** (800-243-0064)	3/82	—	9.1	49.8	43.9	1,000	1.00
18	**Country Capital MM Fund** (309-557-2444)	10/81	—	8.8	22.1	18.8	1,000	0.96
34	**Current Interest-MM Portfolio** (800-231-4645)	6/74	—	9.2	1,157.8	–25.4	1,000	0.62
24	**Daily Cash Accumulation** (800-525-9310)	7/78	—	9.1	3,294.4	–39.4	500	0.59
26	**Daily Dollar Reserves** (800-221-3079)	6/83	—	—*	25.9	—	5,000	NA
33	**Daily Income Fund** (212-370-1240)	7/74	—	9.0	496.5	–36.9	5,000	0.70
31	**Daiwa Money Fund**[43] (800-221-4099)	12/81	—	9.5	30.4	39.5	2,500	0.94
48	**DBL Cash Fund-MM Portfolio** (212-480-4155)	2/81	—	9.5	907.8	–8.2	1,000	0.66
40	**Dean Witter/Sears Liquid Asset Fund** (800-221-2685)	9/75	—	9.5	6,062.6	–35.5	5,000	0.50
40	**Delaware Cash Reserve** (800-523-4640)	6/78	—	9.7	1,380.2	–39.7	1,000	0.78
15	**Dollar Reserves** (800-431-6060)	6/80	—	9.2	103.1	–8.6	1,000	1.04
51	**Dreyfus Liquid Assets** (800-645-6561)	1/74	—	9.8	8,039.1	–19.5	2,500	0.67
60	**Dreyfus MM Instru-MM Series** (800-645-6561)	4/75	—	9.5	1,137.4	–53.3	50,000	0.50
27	**Eaton Vance Cash Mgmt Fund**[44] (617-482-8260)	1/75	—	9.1	178.8	–35.6	1,000	0.69
31	**EGT Money Market Trust** (800-245-5048)	4/81	—	9.1	92.4	–39.7	5,000	0.92
34	**Equitable Money Market Account** (800-223-0970)	10/80	—	9.3	278.1	–26.9	1,000	0.85
36	**Fahnestock Daily Income Fund** (212-668-8178)	6/81	—	9.1	137.6	–12.8	1,000	0.77
22	**FBL Money Market Fund** (800-247-4170)	3/81	—	8.7	38.5	–31.1	1,500	0.96
38	**Fidelity Cash Reserves** (800-225-6190)	5/79	—	9.6	3,260.9	–15.7	1,000	0.87
35	**Fidelity Daily Income Trust** (800-225-6190)	5/74	—	9.6	2,631.9	–29.1	10,000	0.54
31	**Fidelity MM Tr Domestic Port** (800-225-6190)	5/79	—	9.4	1,479.1	20.4	250,000	0.42
22	**Financial Daily Income Shares** (800-525-7069)	3/76	—	9.3	196.8	–36.3	1,000	0.56
27	**First American Money Fund** (800-328-6020)	4/82	—	9.5	37.6	67.1	1,000	0.80
22	**First Investors Cash Mgmt Fund** (212-825-7900)	10/78	—	9.1	377.7	–40.3	1,000	0.85
17	**Founders Money Market Fund** (800-525-2440)	7/81	—	8.1	16.7	38.0	1,000	0.80
35	**Franklin Money Fund** (800-227-6781)	1/76	—	8.6	797.5	–34.6	500	0.79
46	**General Money Market Fund** (800-223-5682)	2/82	—	9.4	189.0	126.9	2,500	1.01
17	**GIT Cash Trust-Regular MM Fund** (800-336-3063)	12/82	—	—*	10.8	—	1,000	NA
33	**Gradison Cash Reserves Trust** (800-543-1818)	5/76	—	9.1	455.8	–36.7	1,000	0.80
24	**The Guardian Cash Management Tr** (800-221-3253)	9/82	—	—*	6.2	—	1,000	NA
48	**John Hancock Cash Management Tr** (617-421-2909)	10/79	—	8.8	441.1	–39.7	1,000	0.78
32	**Home Life Money Management Fund** (800-221-5733)	5/82	—	9.2	10.0	75.4	1,000	0.75
21	**Wayne Hummer Money Fund Tr-MM** (800-621-4477)	4/82	—	8.8	56.8	8.6	1,000	0.97
21	**Hutton AMA Cash Fund** (800-334-4636)	3/82	—	9.5	173.8	1,831.1	none†	0.92

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial service account which has a minimum initial investment. [42]Formerly CG Money Market Fund. [43]Formerly D & D Money Fund. [44]Formerly Eaton & Howard Cash Management Fund. NA: Not available.

1983 Fund Ratings

Portfolio average maturity (days)[1]		Date started	Investment results: Latest 12 months return from capital growth	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average			**4.1%**				
	FORBES stock fund composite			**2.9%**				
	FORBES balanced fund composite			**7.3%**				
	FORBES bond and preferred stock fund composite			**11.4%**				
	Money market funds†							
	These funds invest in various types of money market instruments							
34	**Hutton Invest-Short Term Invest Ser** (212-742-5000)	1/82	—	8.3%	$ 66.4	47.2%	$ 500	$2.12
44	**IDS Cash Management Fund** (800-328-8300)	10/75	—	9.6	902.4	–29.6	2,000	0.59
28	**ED Jones Daily Passport Cash Tr** (314-576-0100)	5/80	—	9.1	542.3	–35.1	5,000	0.92
36	**Kemper Money Market Fund** (800-621-1048)	11/74	—	10.0	3,435.0	–3.4	1,000	0.52
29	**Keystone Liquid Trust**[45] (800-343-2898)	7/75	—	9.0	239.5	–37.7	1,000	0.94
29	**Legg Mason Cash Reserve Trust** (800-245-5048)	10/78	—	8.9	213.0	–36.9	5,000	0.82
24	**Lehman Cash Management Fund** (800-221-5350)	1/81	—	9.3	660.0	–29.9	2,500	0.70
36	**Lexington Money Market Trust** (800-526-4791)	7/78	—	9.4	236.5	–27.1	1,000	0.93
27	**Liberty Cash Management Fund** (800-221-2450)	9/82	—	—*	12.6	—	1,000	1.50
27	**Liquid Capital Income Trust** (800-321-2322)	11/74	—	9.2	1,408.5	–33.5	1,000	0.62
36	**Liquid Green Trust** (800-862-7283)	11/80	—	9.2	122.3	–9.3	1,000	0.93
32	**Lord Abbett Cash Reserve Fund** (800-221-9995)	7/79	—	8.9	228.1	–40.7	1,000	0.86
42	**Managed Cash Account Trust** (800-343-2829)	1/82	—	9.0	30.5	117.9	1,000	1.00
36	**Mass Cash Mgmt Tr-Prime Series** (800-343-2829)	12/75	—	9.4	721.1	–26.8	1,000	0.68
27	**MassMutual Liquid Assets Tr** (800-451-1713)	8/82	—	—*	19.0	—	1,000	0.69
32	**McDonald Money Market Fund** (212-715-6213)	5/81	—	8.9	141.3	–32.0	5,000	0.71
29	**Merrill Lynch Institutional Fund** (800-225-1576)	12/74	—	9.2	1,042.1	–10.8	25,000	0.53
38	**Merrill Lynch Ready Assets Trust** (800-221-7210)	2/75	—	9.4	13,864.6	–37.4	5,000	0.43
34	**Merrill Lynch Retire Res Money Fund** (212-692-1807)	4/82	—	8.9	1,092.7	103.1	300	1.02
23	**Midwest Income Tr-Cash Mgmt Fund** (800-543-8721)	1/82	—	9.1	42.3	19.5	1,000	0.81
27	**Money Market Instruments Trust** (800-245-0242)	3/82	—	9.0	147.1	9.0	1,000	0.83
28	**Money Market Management** (800-245-2423)	1/74	—	9.1	292.5	–44.2	1,000	0.95
18	**Money Shares** (800-221-5757)	1/78	—	8.3	10.3	–41.5	1,000	1.23
23	**MoneyMart Assets** (800-221-7984)	6/76	—	9.5	2,625.9	–33.7	1,000	0.43
14	**Morgan Keegan Daily Cash Trust** (800-245-5051)	12/80	—	9.0	63.3	–38.9	5,000	0.98
29	**Mutual of Omaha Cash Reserve Fund** (800-228-9596)	3/81	—	8.6	20.7	–13.0	none†	1.19
35	**Mutual of Omaha MM Account** (800-228-9596)	7/79	—	9.1	312.6	–36.5	1,000	0.76
47	**National Cash Reserves** (800-223-7757)	4/82	—	9.3	31.0	18.8	1,000	0.57
36	**National Liquid Reserves** (800-221-2990)	8/74	—	9.6	1,537.4	–20.9	1,000	0.60
35	**Nationwide Money Market Fund**[46] (800-848-0920)	3/80	—	9.3	395.1	–12.7	1,000	0.74
39	**NEL Cash Mgmt Tr-MM Series** (800-225-7670)	7/78	—	9.5	688.2	–12.4	1,000	0.55
40	**Newton Money Fund Portfolio** (414-347-1141)	10/81	—	8.9	11.1	26.1	1,000	1.00
27	**Nuveen Cash Reserves** (800-621-7227)	11/82	—	—*	6.6	—	1,000	NA
23	**Offerman Money Market Fund** (612-541-8952)	6/81	—	8.9	8.4	–38.2	2,000	0.81
24	**Oppenheimer Money Market Fund** (800-525-7048)	4/74	—	9.3	1,064.8	–35.1	1,000	0.64
15	**Oxford Cash Management Fund** (800-441-7764)	2/83	—	—*	99.5	—	1,000	NA
32	**Paine Webber CASHFUND** (212-437-5306)	5/78	—	9.2	4,386.6	–31.6	5,000	0.49
35	**Paine Webber RMA Money-MM Port** (800-762-1000)	10/82	—	—*	222.4	—	none†	0.49
29	**Parkway Cash Fund**[47] (800-441-7786)	11/79	—	9.2	442.6	–40.9	1,000	0.81
25	**Phoenix Money Market Fund Series**[48] (800-243-1574)	7/80	—	9.2	39.1	–35.3	1,000	0.75
31	**Plimoney Fund** (713-757-5656)	3/80	—	8.8	45.2	–32.1	1,000	1.00
43	**T Rowe Price Prime Reserve Fund** (800-638-1527)	3/76	—	9.6	2,530.6	–27.0	2,000	0.67
24	**Prime Cash Fund** (800-437-1000)	4/83	—	—*	94.9	—	1,000	NA
29	**Putnam Daily Dividend Trust** (800-343-0929)	9/76	—	9.6	300.6	–18.7	1,000	0.78
12	**Renaissance Assets Tr-MM Port** (800-521-1264)	7/82	—	—*	39.7	—	1,000	1.01
29	**The Reserve Fund-Prime Portfolio** (800-223-5547)	11/71	—	9.5	2,010.7	–31.3	1,000	0.75

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial service account which has a minimum initial investment. [45]Formerly American Liquid Trust. [46]Formerly MIF Nationwide Money Market Fund. [47]Formerly INA Cash Fund. [48]Formerly Phoenix-Chase Money Market Fund. NA: Not available.

		Date started	Investment results: Latest 12 months return from capital growth	Latest 12 months return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Minimum initial investment	Annual expenses per $100
	Standard & Poor's 500 stock average		53.4%	4.1%				
	FORBES stock fund composite		63.3%	2.9%				
	FORBES balanced fund composite		36.4%	7.3%				
	FORBES bond and preferred stock fund composite		19.8%	11.4%				
	Money market funds†							
	These funds invest in various types of money market instruments							
27	LF Rothschild Earnings and Liquidity (212-425-3300)	4/82	—	9.2%	$360.2	43.2%	$2,500	$0.77
22	SAFECO Money Market Mutual Fund (800-426-6730)	4/82	—	9.6	16.6	133.8	1,000	0.51
19	St Paul Money Fund (800-328-1064)	11/79	—	8.9	97.0	–48.8	1,000	0.74
15	Santa Fe Cash Reserves (800-545-2098)	2/82	—	8.3	5.3	–55.8	1,000	1.34
35	Scudder Cash Investment Trust (800-225-2470)	7/76	—	9.0	896.5	–30.8	1,000	0.65
13	Security Cash Fund (800-255-3509)	10/80	—	8.7	57.0	–42.3	1,000	0.94
28	Selected MM Fund-General Port (800-621-7321)	10/77	—	8.8	36.6	–47.6	1,000	1.03
28	Seligman Cash Mgmt Fd-Prime Port (800-221-2450)	1/77	—	9.1	408.3	–52.7	1,000	1.06
39	Sentinel Cash Management Fund (800-526-3032)	10/81	—	9.0	29.5	13.9	1,000	0.75
27	Sentry Cash Management Fund (800-826-0266)	6/81	—	9.1	33.0	–35.9	1,000	0.86
36	Shearson Daily Dividend (212-577-5794)	6/79	—	9.3	4,335.9	–25.6	5,000	0.65
37	Shearson FMA Cash Fund (800-221-3636)	2/82	—	9.1	451.0	0.5	none†	0.75
35	Short Term Income Fund-MM Port (212-370-1260)	1/80	—	9.1	199.4	–28.3	5,000	0.75
9	Short-Term Yield Securities (713-626-1919)	5/78	—	8.7	22.2	–51.7	1,250	1.00
13	Sigma Money Market Fund (800-441-9490)	9/80	—	8.4	8.4	–43.2	500	0.94
33	Standby Reserve Fund (212-460-0680)	11/81	—	9.2	204.8	–2.1	2,000	0.64
15	State Bond Cash Mgmt Fund (507-354-2144)	2/82	—	8.4	4.1	–6.8	1,000	1.00
27	SteinRoe Cash Reserves (800-621-0320)	10/76	—	9.3	714.6	–21.9	2,500	0.67
29	Summit Cash Reserves Fund (800-221-7210)	12/82	—	—*	478.3	—	5,000	0.77
27	SUTRO Money Market Fund (800-652-1030)	2/82	—	9.1	100.5	–32.1	5,000	1.00
36	Transamerica Cash Reserve (800-343-6840)	8/80	—	9.4	266.0	–24.8	500	0.55
16	Trinity Liquid Assets Trust (800-441-7763)	1/83	—	—*	147.8	—	1,000	NA
27	Trust for Cash Reserves (800-245-5048)	2/80	—	9.0	165.3	–25.3	1,000	0.92
48	Tucker Anthony Cash Mgmt Fund (800-225-6258)	4/81	—	9.0	334.8	–7.0	2,500	0.86
37	United Cash Management (800-821-5664)	8/79	—	9.3	347.3	–36.3	1,000	1.03
26	USAA Mutual Fund-MM Fund (800-531-8181)	2/81	—	9.1	113.7	–27.9	1,000	0.96
26	The Value Line Cash Fund (800-847-4143)	4/79	—	9.6	468.9	–25.9	1,000	0.64
11	Vanguard MM Tr-Insured Portfolio (800-523-7025)	2/83	—	—*	10.3	—	1,000	NA
35	Vanguard MM Tr-Prime Portfolio (800-523-7025)	6/75	—	9.5	935.4	–22.4	1,000	0.49
29	Webster Cash Reserve (212-635-5055)	8/79	—	9.3	1,151.4	–16.7	1,500	0.64
14	Ziegler Money Market Trust (800-245-5048)	4/81	—	8.9	77.8	–44.3	3,000	1.06
	Municipal bond funds						Maximum sales charge	
	American General Muni Bond Fund (713-522-1111)	11/76	23.6%	8.8%	$ 52.8	126.6%	4.75%	$ 0.80
	D L Babson Tax-Free Inc Fund-LT (800-821-5591)	2/80	19.6	9.0	10.6	202.9	none	0.75
	D L Babson Tax-Free Inc Fund-ST (800-821-5591)	2/80	6.7	6.9	5.1	121.7	none	0.75
	Bullock Tax-Free Shares (800-221-5757)	2/77	21.9	8.7	44.6	91.4	4.75	0.98
	Calif Tax Exempt Bonds (800-223-7757)	5/83	—	—*	12.3	—	5.25	NA
	Calvert Tax-Free Reserves-Ltd Term (800-368-2748)	4/81	4.6	6.8	53.7	471.3	none	1.00
	CIGNA Municipal Bond Fund[49] (800-225-5151)	3/77	15.9	9.7	135.1	94.4	7.50	0.68
	Composite Tax-Exempt Bond Fund (800-541-0830)	1/77	17.4	9.4	63.2	3,226.3	none	0.32
	Country Cap Tax Exempt Bond Fund (309-557-2444)	11/78	22.5	6.7	3.6	100.0	5.00	1.50
	Dean Witter Tax Exempt Secs[50] (800-221-2685)	3/80	21.7	8.4	113.1	148.6	4.00	0.70
	DMC Tax-Free Income Tr-Penn (800-523-1918)	3/77	22.9	8.7	44.5	87.8	4.50	0.81

*Fund not in operation for full period. †Most funds are no load. Some funds are offered as part of an integrated financial service account which has a minimum initial investment. [49]Formerly CG Municipal Bond Fund. [50]Formerly InterCapital Tax Exempt Securities. NA: Not available.

1983 Fund Ratings

	Date started	Investment results: Latest 12 months return from capital growth	Investment results: Latest 12 months return from income dividends	Total assets: 6/30/83 (millions)	Total assets: % change '83 vs '82	Maximum sales charge	Annual expenses per $100
Standard & Poor's 500 stock average		**53.4%**	**4.1%**				
FORBES stock fund composite		**63.3%**	**2.9%**				
FORBES balanced fund composite		**36.4%**	**7.3%**				
FORBES bond and preferred stock fund composite		**19.8%**	**11.4%**				
Municipal bond funds							
Dreyfus Tax Exempt Bond Fund (800-645-6561)	10/76	20.5%	9.0%	$1,750.1	105.4%	none	$0.75
Eaton Vance Municipal Bond Fund[51] (800-225-6265)	3/78	25.0	8.0	12.7	71.6	3.75%	0.63
Federated Tax-Free Income Fund (800-245-5051)	10/76	26.5	7.8	49.0	35.7	4.50	1.60
Fidelity High Yield Munis (800-225-6190)	12/77	19.0	9.6	639.9	210.6	none	0.64
Fidelity Limited Term Munis (800-225-6190)	4/77	13.4	8.1	168.7	207.9	none	0.99
Fidelity Municipal Bond Fund (800-225-6190)	8/76	20.3	8.7	662.7	65.3	none	0.62
Financial Tax-Free Inc Shares (800-525-9831)	8/81	17.3	9.0	61.7	189.7	none	0.56
First Investors Tax Exempt Fund (800-223-6300)	8/77	22.5	8.3	189.5	209.1	7.25	1.29
Franklin Calif Tax-Free Inc Fund[52] (800-227-6350)	2/77	10.8	10.1	1,338.0	1,774.0	4.00	0.75
Franklin NY Tax-Free Income Fund (800-227-6781)	9/82	—	—*	43.8	—	4.00	NA
GIT Tax-Free Tr-High Yield Fund (800-336-3063)	12/82	—	—*	22.5	—	none	NA
John Hancock Tax-Exempt Inc Tr (617-421-4506)	1/77	14.4	8.7	127.3	265.8	8.00	0.84
IDS High Yield Tax-Exempt Fund (800-328-3800)	5/79	22.4	9.4	1,070.4	180.8	5.00	0.64
IDS Tax-Exempt Bond Fund (800-328-3800)	12/76	23.6	8.9	384.2	104.6	5.00	0.65
Kemper Calif Tax-Free Inc Fund (800-621-1048)	1/83	—	—*	26.3	—	4.50	NA
Kemper Municipal Bond Fund (800-621-1048)	4/76	24.3	9.4	328.3	97.7	4.75	0.56
Keystone Tax Free Fund (800-225-2618)	1/78	21.5	8.7	51.3	136.4	none	1.15
Merrill Lynch Muni Bd Fd-High Yield (212-692-2939)	11/79	19.5	10.0	292.9	233.6	4.00	0.75
Merrill Lynch Muni Bd Fd-Insured (212-692-2939)	11/77	19.3	9.5	540.9	412.2	4.00	0.91
Merrill Lynch Muni Bd Fd-Ltd Mty (212-692-2939)	11/79	0.8	7.5	460.4	137.3	1.00	0.54
MFS Managed Municipal Bond Trust (800-343-2829)	10/76	25.6	8.8	213.6	104.6	4.75	0.84
Midwest Gp Tax Free Tr-Ltd Term[53] (800-543-8721)	9/81	2.5	6.5	13.7	234.2	none	0.90
Mut of Omaha Tax-Free Inc Fund (800-228-9596)	1/77	14.7	9.0	86.3	133.2	8.00	0.84
National Secs Tax Exempt Bonds (800-225-7670)	11/76	21.8	8.5	32.0	91.6	5.25	0.99
NEL Tax Exempt Bond Fund (800-225-7670)	5/77	23.0	9.7	57.5	188.9	4.50	0.82
New York Muni Fund (800-221-2990)	4/81	12.6	8.0	55.6	705.8	none	1.92
Nuveen Municipal Bond Fund (800-621-7227)	11/76	20.1	7.9	255.4	65.0	none	0.74
Oppenheimer Tax-Free Bond Fund (800-525-7048)	10/76	27.2	8.5	54.6	90.9	4.50	0.92
T Rowe Price Tax-Free Inc Fund (800-638-5660)	11/76	19.9	8.9	972.6	193.8	none	0.65
Prudential-Bache High Yield Muni[54] (800-221-7984)	6/80	19.7	9.2	180.5	215.0	4.50	0.72
Putnam Calif Tax Exempt Income (800-343-0929)	6/83	—	—*	248.7	—	4.75	NA
Putnam Tax Exempt Income Fund (800-343-0929)	11/76	31.9	8.5	82.4	120.9	4.75	0.75
SAFECO Municipal Bond Fund (800-426-6730)	11/81	22.5	8.9	30.8	413.3	none	0.72
Scudder Managed Municipal Bonds (800-225-2470)	10/76	22.8	9.4	450.5	192.9	none	0.65
Selected Tax-Exempt Bond Fund (800-621-7321)	10/77	17.1	7.8	4.2	90.9	none	0.54
Shearson Managed Municipals (212-577-5794)	3/81	21.0	9.0	160.3	215.6	5.00	0.88
Sigma Tax-Free Bond Fund (800-441-9490)	8/79	24.0	7.4	5.5	161.9	4.75	1.52
SteinRoe Tax-Exempt Bond Fund (800-621-0320)	2/77	25.8	8.4	194.3	186.2	none	0.74
Tax-Exempt Bond Fund of Amer (800-421-0180)	10/79	22.1	8.1	90.7	297.8	4.75	0.95
United Municipal Bond Fund (800-821-5664)	11/76	17.0	8.8	177.8	139.6	4.00	0.76
USAA Tax-Exempt Fund-High Yield (800-531-8181)	3/82	15.0	9.0	80.2	1,062.3	none	1.09
USAA Tax-Exempt Fund-Intermed (800-531-8181)	3/82	11.2	8.8	45.7	872.3	none	1.18
USAA Tax-Exempt Fund-Short Term (800-531-8181)	3/82	1.4	7.2	35.9	248.5	none	1.15
Vanguard Muni Bond-High Yield (800-523-7025)	12/78	18.8	9.2	149.9	190.5	none	0.48
Vanguard Muni Bond-Intermediate (800-523-7025)	9/77	13.7	8.1	140.0	287.8	none	0.48
Vanguard Muni Bond-Long Term (800-523-7025)	9/77	18.1	8.9	225.4	154.1	none	0.48

*Fund not in operation for full period. [51]Formerly Vance, Sanders Municipal Bond Fund. [52]Formerly Franklin Tax-Free Income Fund. [53]Formerly Fourth St Tax Free Trust-Ltd Term Portfolio. [54]Formerly Chancellor High Yield Municipals. NA: Not available.

The Third World's huge debt gets the headlines. Often forgotten is its huge potential as a market for Western technology.

Technology

Edited by Stephen Kindel

If only...

By Stephen Kindel and Robert Teitelman

MOST PEOPLE LOOK at rural India and see only misery. Roger Little sees opportunity. Little, 42, is the president of Spire Corp., a Bedford, Mass. manufacturer of turnkey solar-cell module plants. "In India there are 500,000 villages with populations between 500 and 8,000 that don't have electric power," says Little. "The cost of electrifying those villages the usual way—tying them to a national power grid—would be astronomical. And in India the grid is so bad that 40% of the power generated is lost in transmission. But give each of those villages a solar-panel system for its minimal electricity needs, and you're talking about $20 billion a year in business."

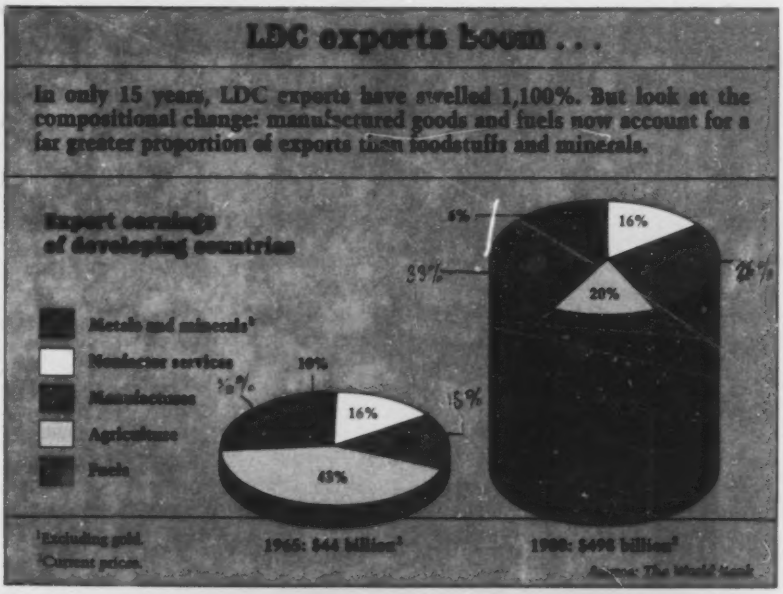
A modern equivalent of oil for the lamps of China? Maybe so, but it's a dream that stands a good chance of coming true. Photovoltaics, the most advanced form of solar technology, is a market of the future in the U.S. (FORBES, *Aug. 15*). But in the Third World the future is now. Solar-cell-powered water pumps and communication systems in villages and the countryside are a viable alternative to building huge new generators or stringing power lines across rugged mountains and burning deserts.

The result: Little's Third World business is growing by leaps and bounds. He has negotiated franchises for solar modules in India, Tunisia and Brazil and has joint ventures in Saudi Arabia, Egypt and, soon, Morocco. Spire's sales to the Third World tripled from 1982 to 1983, to an estimated $2.2 million. "It's strange," he says. "Most technologies begin in the U.S. [market] and are then exported. But, for photovoltaics, there's no U.S. market to speak of now. So we have to go overseas. The Third World is the only game in town."

The same is true of many other advanced technologies. The developing world's $500 billion-plus debt to the West may make the headlines, but it is a huge market for the West in everything from aircraft and heavy construction to communications gear. Overall, U.S. companies sold $59 billion worth of manufactured goods to the developing nations last year, fully 40% of American exports. That makes developing countries as a whole, in effect, the U.S.' largest trading partner—far larger than Canada ($33.7 billion), Japan ($21 billion) or the U.K. ($10.6 billion).

Moreover, despite everything—their debts, the "brain drain" of their best and brightest, the falling prices for the commodities most of them export—the developing countries are developing. The 94 nations the World Bank classes as developing now have a total domestic product of more than $2.4 trillion, almost as much as the U.S. GDP. And their growth has continued right through the recession. While the industrial economies of North America and Europe recorded a slightly negative rate for each of the past two years, the economies of the Third World grew at a steady 2%.

What makes the developing world "the only game in town" for Little's company, as well as for other advanced-technology firms, is the changing nature of development. There are fewer grandiose projects such as Ghana's huge Volta River plant, which produces aluminum that no one will buy because it costs too much. Instead, the Third World is looking for smaller, localized technology that would allow it to leapfrog into the modern era without disrupting its labor-intensive societies. Totally computerized automation, for example, can sometimes be more hindrance than help because it throws people out of work. But energy technology is another matter, as is housing. Since 1960 the number of cities in the Third World with populations greater than 1 million has risen from 53 to 125. By the year 2000 it will be 295, of which 70 may have populations greater than 4 million each.



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Meeting those needs has spawned a boom in global construction that, despite a 9% drop in volume last year because of the recession, still brought the world's contractors $123.1 billion in new foreign orders. Surprisingly, U.S. firms still are prime beneficiaries, even though they must find private financing for the loan guarantees Third World nations often require for large construction projects. American firms are the top 4 of 5 and the top 10 of 15 in *Engineering News-Record*'s list of the top 250 international contractors, and 46 American contractors managed to garner 36.5% of all foreign awards last year, for $44.9 billion worth of construction.

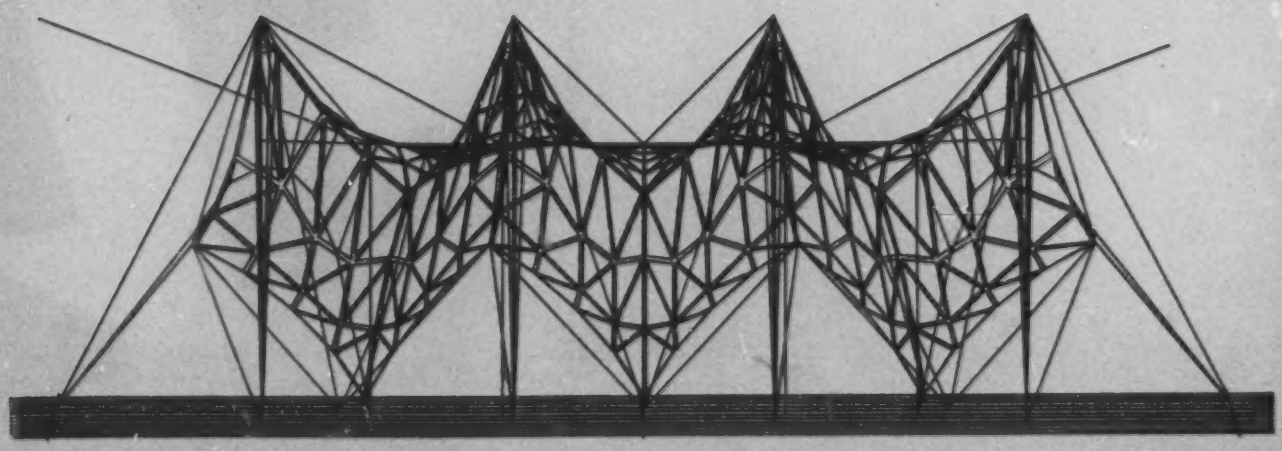
Technology suited to the Third World is a principal competitive element. Birdair Structures, a division of Chemical Fabrics Corp. of North Bennington, Vt., for example, used Teflon-coated Fiberglas as the roofing material for Saudi Arabia's huge Haj Terminal at the new King Abdul Aziz International Airport in Jidda, which is designed to accommodate the millions of Muslims making the pilgrimage to Mecca, Islam's holiest city, each year. The terminal roof, completed in 1981, spans 105 acres—about 80 football fields—at a cost of $180 million, far lower than the cost of a conventional reinforced concrete structure. In addition, the tentlike fabric roof reflects more sunlight (and is thus cooler) and is easier to maintain than concrete.

Architerra, Inc., an architectural design and consulting firm in Arlington, Va., has applied technology to a centuries-old form of housing to come up with a novel solution to the Third World's urban housing crisis. The firm, founded by French architect and engineer Henri Vidal, uses a combination of compressed earth and reinforced steel beams to create vertically stacked mountainside housing much like the *favelas* that now surround so many Third World cities. Architerra's houses are set into hillsides and covered with dirt on three sides and on the roof, leaving a southern exposure open behind a vertical glass wall. The result is an almost ideal passive solar-power-heated structure. Stacking the units vertically, one on top of the other, simplifies water delivery and sanitation. The concept has already been proved in the construction of resort communities in France and Spain.

Architerra hillside construction
A practical alternative to the favela.

Building new cities would be a useless exercise if there were no work for those who lived in them. But here too, developing nations are making progress. Brazil already has a flourishing aircraft industry, which exports medium-size propeller-driven planes to U.S. commuter airlines. Argentina has developed a flourishing arms industry. Singapore has steadily up-

The Haj Terminal in Jidda, Saudi Arabia (photo) *Below, a computer generated schematic of a stadium in Riyadh. Both combine advanced Fiberglas/Teflon material with traditional tent design to solve a critical construction problem.*



Technology

graded its industrial base, so that it is now a competitor for electronics firms looking not only for low-cost labor but also for high-quality scientific and engineering support.

All through the Third World, in fact, manufacturing has grown at an impressive pace. Once primarily agricultural, many Third World nations are taking on the look of developed economies in the proportion of their gross domestic product given over to industry and services. The 39 nations that the World Bank classifies as "lower middle income"—among them Kenya, Senegal, Bolivia, Honduras, Jordan and the Dominican Republic—now derive an average of 35% of their GDP from industry and 43% from services, while agriculture's share of production has fallen to an average 22%. Even in the poorest economies, the shift is on: In nations such as Bangladesh, Mozambique and Sudan, manufacturing and services account for 55% of GDP, while agriculture's share has fallen from 48% to 35% since 1960.

A shift of that magnitude, coupled with a large and rising GDP, spells opportunity for products tailored to the needs of the Third World. Companies such as Bausch & Lomb and Quality Measurement Systems, both of Rochester, N.Y., export digital read-out equipment to the developing world, where it is installed on manually operated machine tools. The result is a gain in productivity that, while not as high as that of total computer automation, is still substantial. More important, the products produced by DRE-coupled machine tools are often of high enough quality to compete in international markets, bringing in the hard currency desperately needed to pay off all those debts.

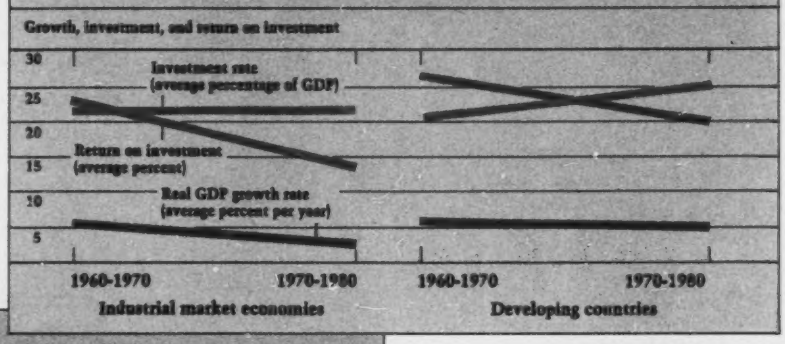
Instrument manufacturers aren't the only ones cashing in on the Third World's needs. Pharmaceutical companies, such as Sterling Drug and Pfizer, having licked most of the major diseases of the industrialized world, are tackling illnesses all but unknown in the West with "shelf-stable" vaccines that can be shipped to remote locations and stored without refrigeration. Aircraft manufacturers long supplied Africa and Latin America with military and civilian aircraft originally conceived for the needs of the industrialized West. Now they are working on planes designed specifically for developing nations.

For example, Lockheed Aircraft, whose Hercules turboprop is the largest-selling aircraft in the Third World, has developed several prototypes for transport planes that could carry bulk commodities at relatively low cost. That could have implications for the developed world as well. Right now, air freight is really practical only for high-value-added goods such as electronic parts, or perishable cargo such as table flowers. Design a plane that can carry coffee cheaply, and you change the economics of transport as well as of development.

The opportunities are there. Now if only the nations could develop a sound financial system that would get world trade growing again.

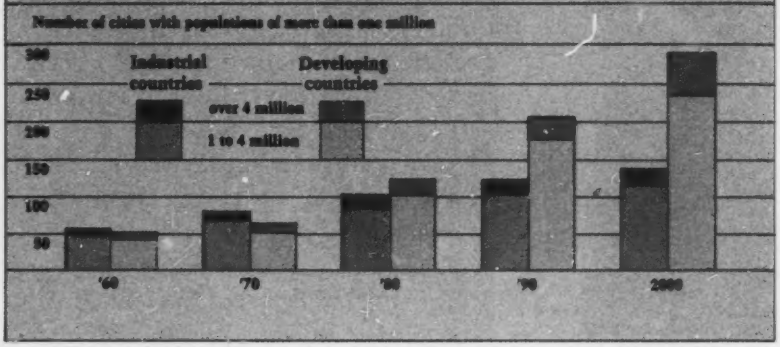
Economies grow . . .

Despite the recession, developing nations have maintained consistently higher growth and investment rates than the industrialized world. though the risks are higher, the payoffs have also been greater.



. . . and needs expand

Opportunity is predictable in the Third World. Populations are steadily urbanizing, so that investment must go to social infrastructure. Only advanced technology will make LDC needs affordable.



Life begins at 50

In information processing, the surest indication that an industry is about to take off is when somebody puts together a directory of users. The latest industry to be anointed: facsimile, a technology that has been around for over 50 years and that was nearly dead in the water only two or three years ago.

Facsimile machines translate a printed page or graphics into electronic signals to be transmitted over a telephone line (and, more recently, via satellite) and reproduced at the receiving end. It has become a nice little business, almost unnoticed, growing more rapidly in recent years than, for example, the more familiar telex. Installed fax machines in the U.S. jumped to 350,000 units in 1982, from 69,000 in 1975. That compares with only 130,000 telexes installed to date. For the future, projections are for a 15% to 20% compound annual increase in facsimile installations for the next decade, to 1.4 million units by 1992. Dollar value, according to Kenneth G. Bosomworth, president of

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International Resource Development, will be up nearly threefold, to $837 million, by 1992, from last year's $290 million *(see chart)*.

What caused the renaissance of fax? "Everybody thought the computer industry would come up with a work station that combined voice, text and image processing," says Stanley R. Greenfield, compiler of *The Facsimile Directory*. "But the bandwidth capacity required for transmission and the electronics to make it all work properly are just too expensive."

At the same time, the cost of new, semiconductor-technology-based facsimile machines was dropping dramatically. For example, a comparable 3M machine that cost $21,000 six years ago sells for $2,600 today. Most machines are now manufactured in Japan, even though they have American labels. This has turned the major American fax manufacturers into vendors and prompted them to emphasize service and reliability more than when they had captive markets. Such strategies helped office equipment maker Pitney-Bowes Inc. capture 6.4% of the 1982 fax market with a product line that it did not introduce until last September.

The Japanese brought in an elegant new technology called Group 3, for third generation. In the past, says Dennis Anderson, national sales manager of Panafax, a subsidiary of Japan's giant Matsushita, "the machines themselves were their own worst enemies." They took six minutes to transmit a single page and required an operator to dial the phone number and feed each page. The resolution was poor and the paper quality was worse. Group 2 machines, introduced in 1976, cut transmission time in half, but quality was still poor. Group 3 machines, by contrast, can transmit a page in about 20 seconds, and telephone bills are cut proportionately: $4 per page for an old Group 1 machine, vs. less than $1 for Group 3.

The fax companies also adopted international standards of compatibility. That means the latest Group 3 equipment can communicate not only with machines of its own generation but with most of Group 2 and even Group 1, which still make up half of the installed base.

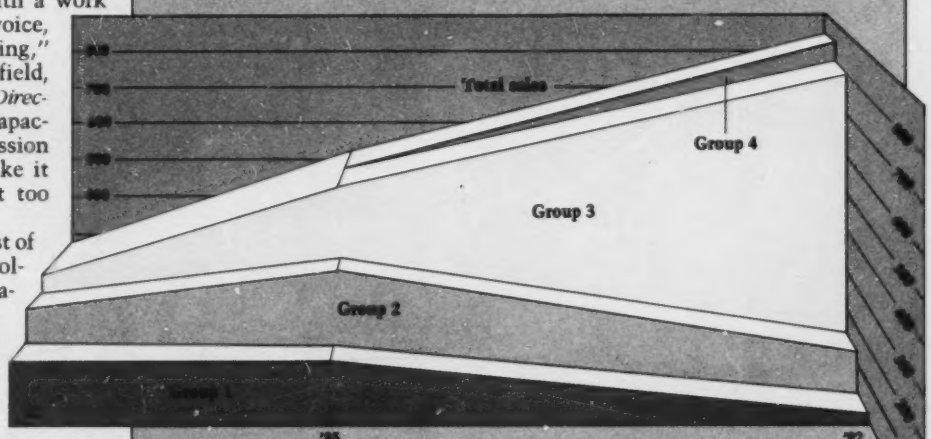
All this has made the fax market so attractive that competing document delivery services are getting into the business. Next year Federal Express Corp. intends to operate a new service that will use Japanese-made equipment to send facsimiles of documents across the country. Pickups and deliveries will be the same as far as the customer is concerned, but facsimile instead of airplanes will take care of the transmission. Federal claims the copies will be of such high quality that it would be a misnomer to call them faxes.

The facsimile vendors are not worried. "It's still not as convenient as having a machine right next to your desk," says Doug Brunson, senior vice president of marketing for Exxon's Office Systems Co. However the battle with the air couriers comes out, it's a new lease on life for a middle-aged technology.—**Jon Schriber**

Fax finally catches fire . . .

Driven by improved Japanese technology, falling price tags, and universal compatibility, the fax market will nearly triple in value in the next ten years. Most new equipment will be of the Group 3 type while next generation Group 4 units will not be much of a factor in the surge. These five-second-per-page machines require a wider bandwidth than phone lines, the current avenue of transmission for most traffic.

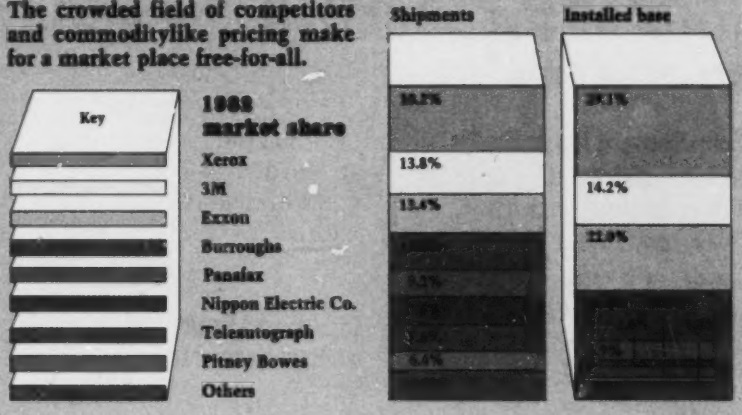
Facsimile equipment sales ($ millions)



Source: International Research Development, Nowalk, Conn.

. . . as vendors scuffle over market share

The crowded field of competitors and commoditylike pricing make for a market place free-for-all.



Source: International Data Corp., Framingham Mass.

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Mom, pop and the kids are great at running small businesses. But can they do as well for investors in giant corporations?

All in the family

By Paul Bornstein

DID YOU EVER NOTICE that the most successful restaurants usually seem to be those where the owner is always around? Sure, it's one thing to watch the chef and the headwaiter, and another to run a company with sales of hundreds of millions. But we wondered if it pays to invest in large corporations where a family owns a big chunk of stock and is actively involved in management.

To answer that question, we set up a simple test. First, we searched corporate records to find 50 firms in which one family or individual owned or controlled at least 30% of the common stock. Then we looked at the stock performance of these companies over the past 10½ years. We then compared this individual company performance with the performance of the relevant industry group as represented by the Media General Industrial Stock Indices.

The results are encouraging for all-in-the-family investors. From our random sample we found that it can indeed pay to buy into firms where the owners are on hand and calling the shots. In fact, we discovered that, of the 50 companies on our list, 31 did better than their industry groups, while only 19 didn't do as well.

In terms of absolute gains, the results are particularly impressive at Bruno's, a food store chain; Flightsafety International, a firm offering high-technology training services; Manor Care, which runs nursing homes; and Wang Labs, manufacturer of computers and word processors. Since the end of 1972, the stock of each of these firms has gained more than 2,000%.

The amount of control, however, doesn't seem to be closely correlated with price movement. The Coors family has 100% voting control but Coors shares went flat during the period covered by our analysis. Since this brewer went public in 1975, the stock has declined 18.5%, vs. a 93.8% gain for Media General's brewing and distilling industry. On the other hand, Omark Industries, with the smallest amount of owner control in the table below, performed much better than Media General's light equipment industry group, 358.7%, vs. 89.4%.

The last column in the table relates stock performance to industry performance. It indicates how a dollar in-

Where the owners watch the store

Here is a list of 50 companies, all owned 30% or more by members of one family. Over the past 10½ years, 31 have outperformed their industry groups, and the results for many have been quite good. The other 19 haven't done as well. But there is always a chance for new blood.

Company/industry	Name of family	% control or stock ownership	Recent price	—Stock performance— company since 12/29/72	industry index since 12/29/72	Relative movement company vs industry
Adams Drug/retail drug stores	Salmanson	69.9%	21½	–9.5%	78.1%	0.51
HF Ahmanson/savings and loan	Ahmanson	70.1[1]	34	11.5	69.6	0.66
Air Express Intl/freight handling and shipping	Mailman	37.7	13	205.9	73.7	1.76
Bandag/rubber and plastic	Carver	46.2	54⅞	56.8	26.8	1.24
Bruno's/retail food stores	Bruno	42.0[2]	20⅛	2376.9	190.0	8.54
Carter-Wallace/drugs	Hoyt	51.4	24⅛	–9.0	34.5	0.68
Adolph Coors/distillers and brewers	Coors	100.0[2]	25⅛	–18.5[3]	93.8[3]	0.42
Cox Communications/broadcasting	Cox	40.8	47¼	426.8	240.2	1.55
Dollar General/retail—discount	Turner	44.2	33½	570.0	78.1	3.76
Far West Financial/savings and loan	Belzberg	67.3	27⅝	96.7	69.6	1.16
First Charter Finl/savings and loan	Taper	34.7	33¼	23.7	69.6	0.73
First City Properties/real estate—investments	Belzberg	69.0	9¼	–62.5	–20.6	0.47
Flightsafety Intl/personal services	Ueltschi	38.8	32⅞	2112.3	86.2	11.88
Hechinger/retail	Hechinger, England	65.3	27¼	967.8	218.3	3.35
Hillenbrand Inds/health	Hillenbrand	63.0	46¼	180.3	90.8	1.47

[1]Including related trusts. [2]Voting control. [3]Less than ten years.

Source: Media General, Standard & Poor's.

Where the owners watch the store

Company/industry	Name of family	% control or stock ownership	Recent price	—Stock performance— company since 12/29/72	industry index since 12/29/72	Relative movement company vs industry
Illinois Tool Works/machinery—light equip	Smith	42.4[2]%	54	61.8%	89.4%	0.85
Lance/food, pkgd goods	Van Every	43.8	28½	78.1	38.9	1.28
Lawson Products/retail	Port	32.9	35¾	133.2	218.3	0.73
Longs Drug Stores/retail drug stores	Long	33.7	46¾	19.1	78.1	0.67
Lukens Steel/metals—iron and steel	Huston	34.0	14¼	–4.6	114.4	0.44
Manor Care/health services	Bainum	43.9	22½	3016.3	90.8	16.33
Mary Kay Cosmetics/cosmetics	Kay	34.6	31¾	669.7	–47.2	14.58
Meredith/publishing	Meredith	44.0[4]	38¾	481.3	261.4	1.61
MITE/machinery—light	Blinken	35.7[2]	35½	735.3	89.4	4.41
Molex/electronics	Krehbiel	50.4	70½	693.1	216.1	2.51
NCH Corp/chemicals	Levy	47.5	19	–56.3	52.1	0.29
AC Nielsen/business services	Nielsen	55.7	35¾	108.8	94.2	1.08
Nordstrom/retail apparel	Nordstrom	52.0	42¼	805.4	298.8	2.27
Northwestern Steel & Wire/metals—iron, steel	Dillon	63.1[2]	24	–30.4	114.4	0.32
Omark Inds/machinery—light equip	Gray	30.0	26⅜	358.7	89.4	2.42
Oxford Inds/textiles—apparel	Lanier	47.0[1]	47	1394.1[5]	211.6	4.79
Petrie Stores/retail—apparel	Petrie	63.2	36⅞	41.8	298.8	0.36
Playboy Enterprises/publishing	Hefner	67.1	11⅝	–36.7	261.4	0.18
Premier Indl/automotive	Mandel	62.3	34¼	608.6	–5.1	7.47
Presley Cos/building, building materials	Presley	34.9	20	221.5	62.9	1.97
Roadway Services/freight handling, shipping	Roush	36.4[2]	64½	387.9	73.7	2.81
AH Robins/drugs	Robins	36.3	25½	–32.4	34.5	0.50
GD Searle/drugs	Searle	32.0[1]	48⅛	40.9	34.5	1.05
Shapell Inds/building, building materials	Shapell	44.6	47⅜	129.7	62.9	1.41
Standard Register/business services	Sherman	76.0[2]	32½	473.5	94.2	2.95
Times Mirror/publishing	Chandler	31.2[1]	76	196.6	261.4	0.82
Tyson Foods/food—meat and dairy	Tyson	61.4	11¾	735.6	77.6	4.70
United Inns/hotels, motels	Cockroft	35.2	32	4.1	86.3	0.56
Vermont American/machinery—light equip	Thomas	44.9	20½	531.0	89.4	3.33
Wang Labs/business data processing	Wang	40.2[2]	39⅛	2714.8	66.8	16.88
Wean United/machinery—heavy	Wean	50.0[1]	7¾	82.4	51.3	1.21
Weis Markets/retail food stores	Weis	73.0	40	583.5	190.0	2.36
Winn-Dixie Stores/retail food stores	Davis	53.4[1]	56	78.8	190.0	0.62
Jack Winter/textiles—apparel	Winter	59.0	11⅛	156.7	211.6	0.82
Wometco Enterprises/broadcasting	Wolfson	36.0	36¼	482.8	240.2	1.71

[1]Including related trusts. [2]Voting control. [3]Less than ten years. [4]Including related Bohen family.
[5]Including market value of Lanier Business Products.

Source: Media General, Standard & Poor's.

vested in the individual company would compare with a dollar invested in a cross section of companies in its industry.

Look, for example, at Mary Kay Cosmetics, controlled by Mary Kay and her son. A dollar invested in Mary Kay over the 10½-year period outperformed a dollar investment in the Media General cosmetic industry group by almost a 14.6-to-1 margin. Mary Kay's stock appreciated 669.7%, while the cosmetic industry declined 47.2%.

Of course, not all family-owned outfits were able to outshine their peers. Hugh Hefner's Playboy Enterprises didn't do well for investors. While publishing stocks gained 261.4%, Playboy lost 36.7%. NCH Corp., run by the Levy family, lost 56.3%, while the index for the chemical group was up 52.1%. And Northwestern Steel & Wire, 63.1% owned by the Dillon family, was also a poor performer.

There is another potential negative for investors in family-controlled businesses. Takeovers are difficult, if not impossible, without at least some cooperation from the family shareholders. That isn't to say that these companies are invulnerable to merger activity. Tax or estate considerations, family squabbles or an offer that is simply too good to refuse can sometimes put a family-owned firm on the block.

The Taper family, for example, which has a one-third interest in First Charter Financial, a savings and loan association, has agreed to merge with Financial Corp. of America. But Air Express International apparently won't be going to the altar with Consolidated Freightways because of a union veto—even though J.L. Mailman, who holds 37.7% of the firm's stock apparently favored the sale.

The Belzberg family controls two of the companies in our table but, so far, the Belzbergs have been better at banking than at real estate. Far West Financial, a savings and loan, has gone up 96.7% since 1972, but First City Properties declined 62.5% in that same period.

Family ownership, of course, is no guarantee that a company will outperform others in its industry. But when the principals have a major part of their personal fortunes at stake, their best interests and those of company shareholders are often one and the same. Over the period we examined, family-owned companies outperformed their industry groups by a ratio of nearly 2-to-1. Those are the kinds of odds we like. ■

SEPTEMBER 12, 1983 THREE DOLLARS

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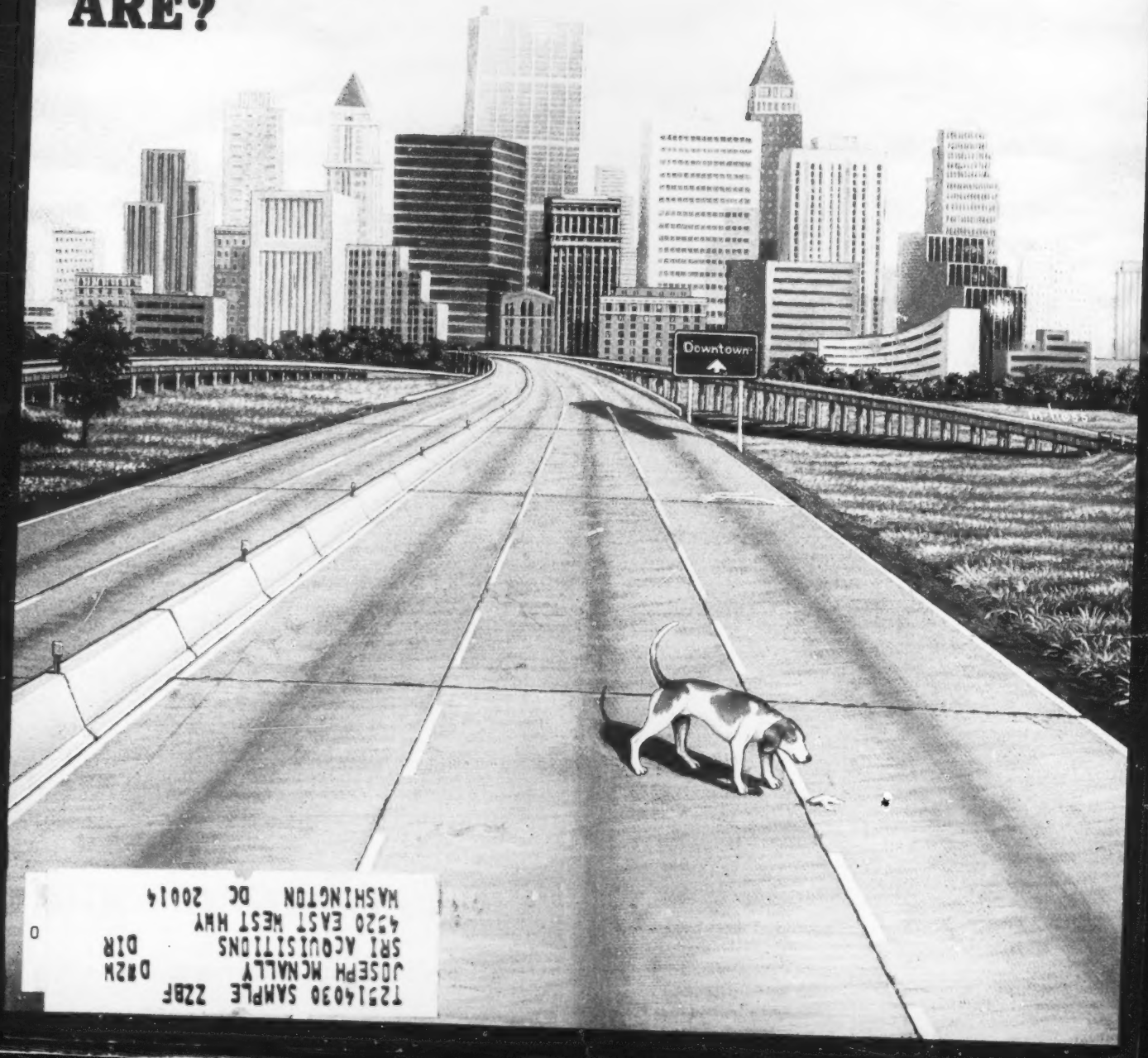
Forbes

IT'S 8:45— DO YOU KNOW WHERE YOUR EMPLOYEES ARE?



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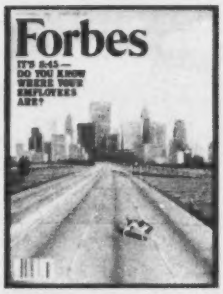

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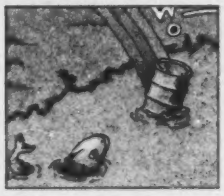

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Illustrations:
42, 49, Phil Huling; 43, 118, 162, 226, Chas. B. Slackman; 164, 216, Tim Lewis; 214, 228, Peter Kuper

Cover Illustration: Mark Hess

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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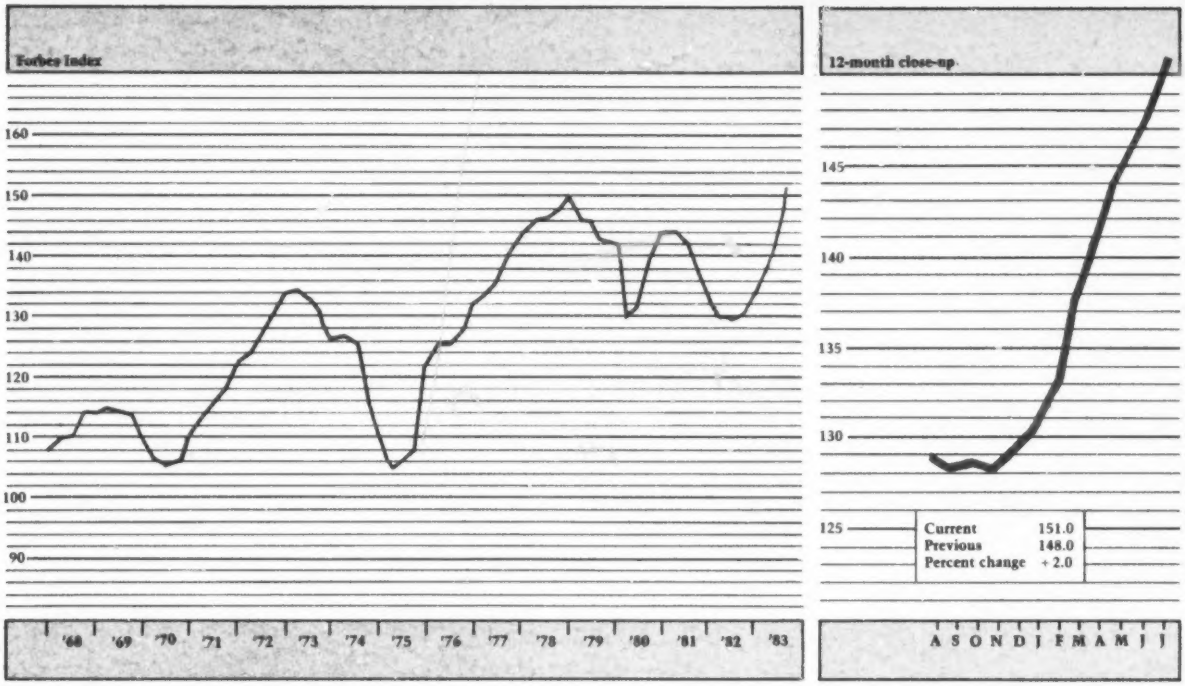
The Forbes Index



Good but not great. With a 2% gain in this reporting period, the Forbes Index continues the upward march that it began nine months ago. After gaining only 1.1% in June, industrial production increased by 1.8% in July. The latest figure for consumer installment credit shows a 1.3% gain over the previous month.

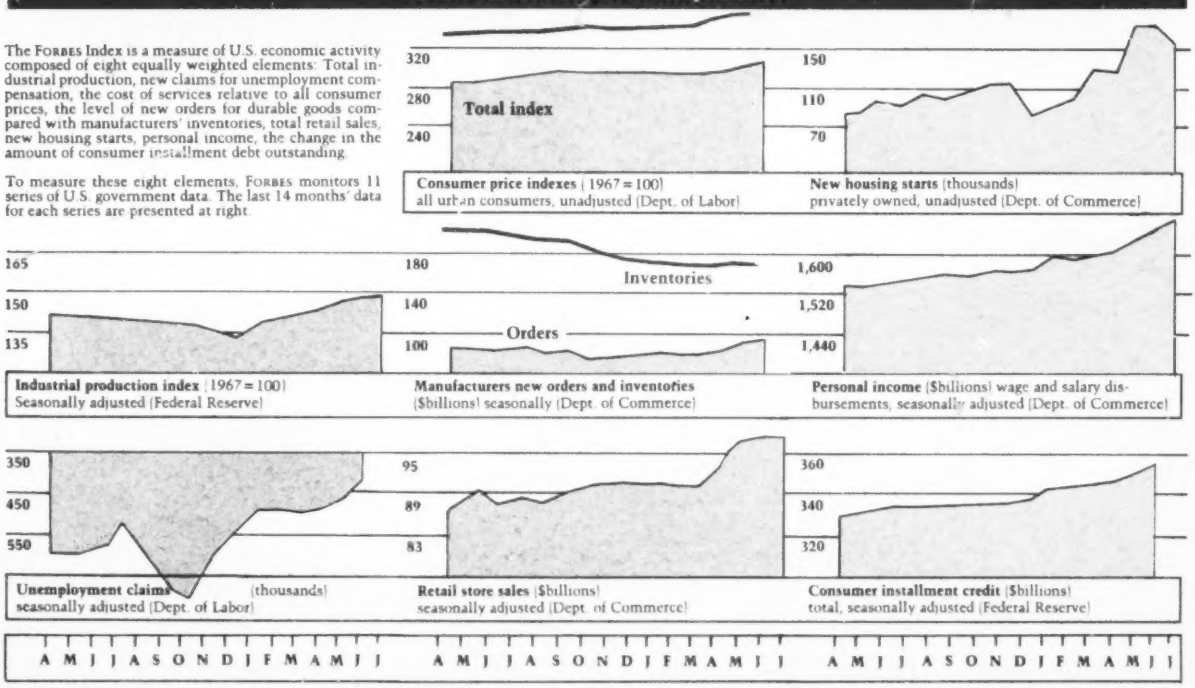
However, even though consumers were increasing installment debt, retail sales were flat in July, after a 0.3% gain in June.

Another cause for concern: New housing starts were up 46% from July of 1982 but were off 10.2% from this past June. Last year, by contrast, new housing starts jumped more than 17% from June to July. No one said this recovery was going to be easy.

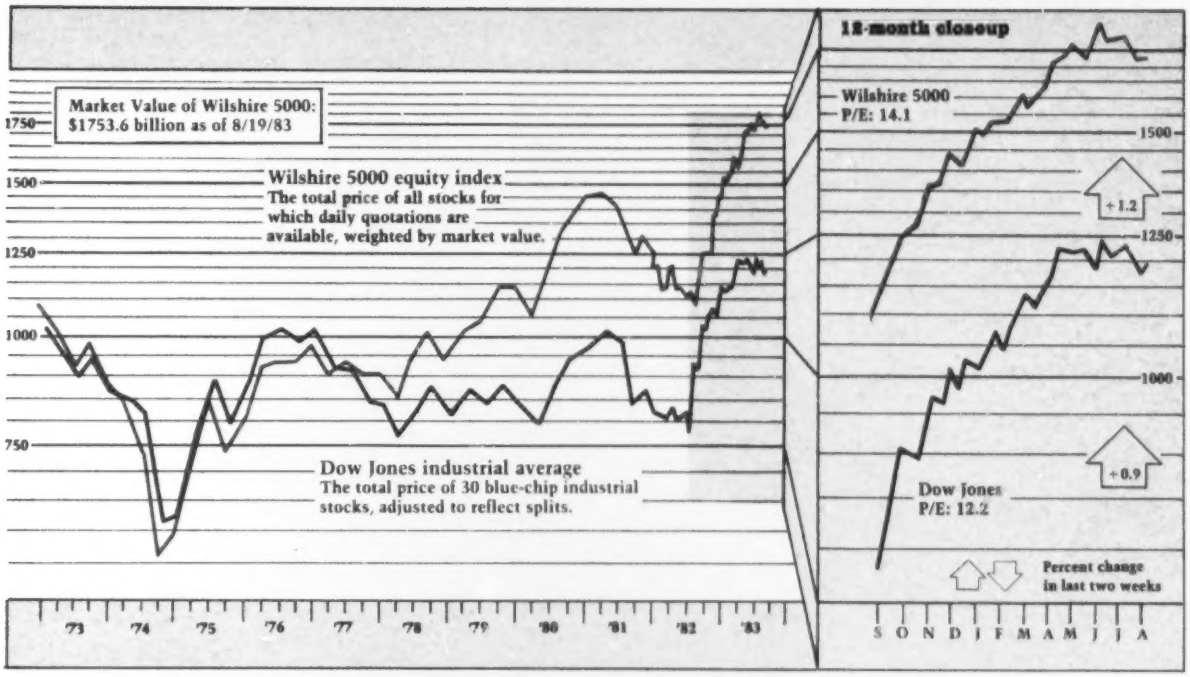
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review



Getting wisdom. During the past two weeks investors worried about whether the long-anticipated correction was finished or the late-summer weakness in the market was the beginning of a long downtrend. They also became more cautious. As the yardstick measurements below indicate, shares of large companies, as well as low-volatility, high-yield and low-growth stocks, fared better than their counterparts. Despite setbacks over the four-week period, all of these conservative groups were stronger than the overall market. The Wilshire index indicates that it declined 3.5%.

During the last two weeks most averages came out slightly ahead, but the gains came at the expense of many of the secondary issues. On the winning side, the NYSE led with a 1.4% advance, while the Wilshire and the Forbes 500 were both up 1.2%. The closely watched 30 Dow industrial stocks lagged with a 0.9% advance. But Amex and NASDAQ issues declined 0.2% and 0.4%, respectively. Particularly hard hit were the highflyers. Shares that started the year with multiples of 25 or greater lost more than 8% in the last four weeks. This contrasts with a slight improvement in the overall market multiple. After declining since mid-July, the P/E on the Wilshire index moved back up a notch, from 14 to 14.1.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–3.5	–3.0	–3.0	–2.9	–6.7	–6.7
in last 52 weeks	51.2	43.2	37.4	46.8	80.8	79.1

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–3.4	–6.0	–6.0	–1.4	–8.1	–4.4	–0.9	–5.1	–5.7	–1.5	–4.8	–5.5
in last 52 weeks	53.3	157.2	149.8	55.8	109.1	145.8	48.7	146.0	170.6	56.6	69.8	147.7

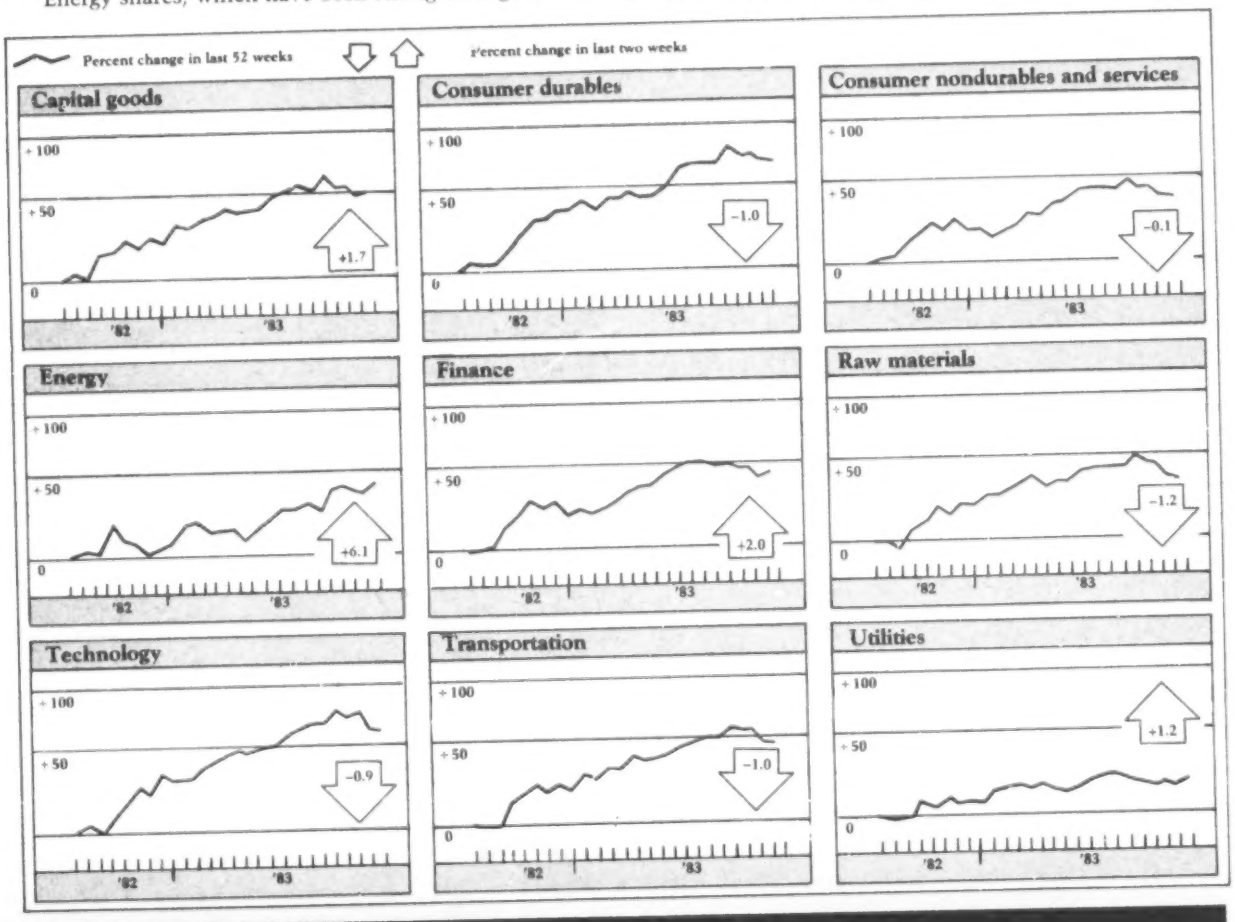
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 8/19/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Down in an up market. Although the Wilshire index shows modest gains for the two-week period, five of the nine sectors lost ground. The raw materials group dug deepest with a 1.2% decline while both transportation and consumer durable stocks fell 1%. Of the five declining groups, consumer nondurables dropped only 0.1%.

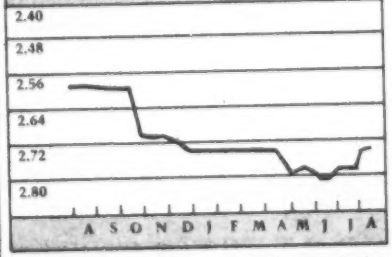
Energy shares, which have been strong throughout the summer, again bucked the negative market trend with a 6.1% advance. On a 52-week basis energy moved ahead of consumer nondurables, raw materials and utilities. Another sign of the renewed strength of the oils comes from the four-week sector performance, where energy stocks are up 3.6%, vs. declines in all other sectors. During this period, in fact, four groups lost 7% or more.



What The Analysts Think

Analysts need vacations, too. The seers of Wall Street didn't have much to say during the latest reporting period. Although none of the rankings changed, the buy/sell opinion on utilities, finance and energy strengthened while the analysts became slightly more pessimistic about raw materials, capital goods and consumer durables.

The experts' consensus



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.47	1	1
2	Transportation	2.66	2	2
3	Raw materials	2.69	3	3
4	Energy	2.73	4	4
5	Finance	2.77	6	6
6	Capital goods	2.79	5	5
7	Technology	2.80	7	8
8	Consumer nondurables	2.81	8	7
9	Consumer durables	2.98	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 8/19/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Satisfied to earn 6% on a very risky investment? If so, buy a package of computer and electronics stocks. You may get a few big winners, but don't expect your entire portfolio to shine.

Long odds at the circus

By William Baldwin with Diana L. Hoadley

WELCOME BACK, Computer Usage. It was a glamour stock when computers were the rage in 1968. It fell. Now, in a new bull market, it is once again doing a high-wire act, at 130 times likely earnings for its current fiscal year. Its ups and downs should be of interest to anyone contemplating high technology as the path to riches.

Fifteen years ago this custom-programming outfit traded at 37, despite negative earnings. That gave the whole company a price tag more than twice its $13.6 million annual sales. Then the contract software business fell apart, and Computer Usage all but vanished. Last summer the stock was at 2⅛, and the employee count was down to 111 from a peak of 850.

Now, however, it's daredevil time again. Last week Computer Usage shares were up to 20 before a 3-for-2 split. That made the company worth an apparent $17 million, almost twice its annual sales volume. Why? Computer Usage is out of the passé business of custom programming. Instead, it sells software packages, such as a new $700,000 program for commercial banks.

With its revived hopes, Computer Usage has at least survived, even though it shows a negative return for those who bought late in the technology stock craze that peaked in 1968. But FORBES has done some arithmetic. It shows what a sucker's game it is to play hot technology stocks when they are sizzling. Here's what our efforts reveal.

Going back to 1968, we assumed

Center ring, 1968

On the basis of price relative to earnings, these 50 companies were the top computer and electronics stocks of December 1968. Of the group, 28 had a P/E multiple of 59 or higher, and 22 firms were running at a loss. The average annual return since then comes to 3%, assuming proceeds of cash buyouts were reinvested at market rates.

Company	1968 sales (millions)	1968 P/E	Dec '68 price	—Recent value— per share	per $1,000 invested
Advance Comp Tech	$ 2.1	88	$16.00	$ 5.25	$ 328
Aerovox Corp[1]	32.3	d	13.75	88.59	6,443
American Business Systems[1]	6.8	d	10.75	9.12	848
Am Computer Leasing Corp[1]	9.6	67	10.00	14.03	1,403
Applied Magnetics	12.0	63	14.02	28.00	1,997
Astrodata[2]	26.4	d	757.50	2.50	3
Automatic Data Proc	15.9	62	5.84	36.50	6,246
Bunker-Ramo[1]	243.2	62	52.13	24.34	467
Calif Computer Products[1]	16.6	62	35.38	21.44	606
Computer Applications[3]	42.8	59	19.50	0.00	0
Computer Equip Corp[2]	18.4	60	16.38	9.63	588
Computer Investors Group	1.7	66	23.25	0.75	32
Computer Sciences Corp	53.4	72	21.80	17.88	820
Computer Usage	13.6	d	37.00	18.50	500
Computing & Software[2]	33.7	62	41.75	21.13	506
Damon Engineering[2]	15.7	88	31.67	26.00	821
Data-Control Sys	5.7	d	16.63	0.00	0
Dickson Electronics[1]	11.9	d	23.50	32.34	1,376
Digital Equip	57.3	70	19.26	98.00	5,087
Diodes	4.0	65	10.38	6.88	663
Electronic Assoc	43.9	d	22.63	13.75	608
Fabri-Tek[1]	18.6	d	12.50	7.42	593
Fairchild Camera & Inst[1]	198.5	d	82.88	109.74	1,324
General Atronics[1]	4.5	85	9.50	3.90	410
General Kinetics	2.9	d	6.00	1.25	208
Harvard Inds	48.6	80	37.50	18.63	497
Industrial Electronic Hardware	7.5	d	4.31	9.00	2,087
Informatics[1]	9.1	93	30.63	17.41	569
Intercontinental Systems[1]	NA	d	14.50	0.23	16
International Rectifier	30.0	d	17.75	35.50	2,000
Itek[1]	126.3	96	91.25	55.07	603
Laboratory for Electronics[2]	52.9	d	24.61	14.63	594
Loral Corp	55.4	d	9.50	56.50	5,947
Management Assistance	66.9	d	57.00	10.25	180
Melpar[1]	49.5	d	9.75	16.13	1,654
Memorex[1]	58.3	64	82.25	17.47	212
Mohawk Data Sciences	44.5	94	67.75	12.63	186
National Semiconductor	7.2	71	5.56	49.25	8,864
Nytronics[1]	24.5	60	370.10	0.22	1
Planning Research	23.4	72	31.00	16.13	520
Potter Instrument[3]	20.4	61	29.25	0.00	0
Scientific Resources[4]	17.3	d	24.00	0.00	0
Sealelectro[1]	10.1	d	4.77	30.01	6,288
Servo Corp of America	5.5	d	12.50	11.75	940
Silicon Transistor[1]	4.0	d	13.00	2.34	180
Transitron Electronic	102.9	d	16.00	4.63	289
Tyco Labs	26.3	59	27.25	20.88	766
URS Systems[2]	12.3	90	29.62	28.24	954
Varian Assoc	170.8	63	16.94	55.25	3,262
Wang Laboratories	16.6	64	3.34	33.13	9,925

[1]Acquired. [2]Name change. [3]Bankrupt. [4]Liquidated. d: deficit. NA: not available.
Sources: Commerce Clearing House's Capital Changes; *Moody's Industrial Manual; Forbes*

Statistical Spotlight

that an investor bought $1,000 worth of stock in each of the 50 computer and electronics firms with the highest price-to-earnings multiples, as tracked by a familiar statistical service. A handful of the companies turned out to have been worthy of the high hopes placed on them. Wang, the word processor pioneer, has compounded its earnings per share at a 30% annual rate. National Semiconductor, which makes integrated circuits, did almost as well.

The relevant question, however, is average return. A total of $50,000 invested in these 50 companies 15 years ago would leave you with $78,400, assuming the proceeds from liquidations were invested at market rates. That isn't impressive, an annual return of roughly 3%. But consider that inflation has made the dollar today worth scarcely one-third of what it was in 1968. The real return on our high-tech portfolio turns out to be minus 4% a year. You would be peeved at any mutual fund that failed to do better.

Why did things turn out so badly? In some ways, the electronic data processing business has outdone itself. IBM's earnings now are almost as big as its sales were back then. The computer industry—hardware, programming and data transmission combined—has quadrupled in real terms to a volume of $100 billion a year. Yet the rewards didn't go to the investors in speculative computer stocks. They were crowded aside by later sources of capital and by brand-new companies. Wars, in short, are not necessarily won by the party that comes out ahead in the first skirmishes.

Now, examine the table on page 220. Here are listed today's equivalent, an assortment of 50 computer and electronics stocks with negative earnings or enormous P/Es. Imagine that the 50 corporations merge tomorrow to form Hightech Inc. What kind of company would you have? Hightech would have annual sales of $3 billion and no earnings. Still, the market values it at $4.3 billion.

Anyone who buys one of these stocks hopes that he owns the next IBM. Even so, however, the investment isn't likely to make him rich. Let's suppose Hightech's sales per share grow over the next 15 years, in real terms, as fast as IBM's have since 1968. Let's suppose, optimistically, that Hightech becomes the equivalent of IBM in its product lines, that it matures into a cash-generating

Center ring, today

Wall Street loves these technology firms. Half have deficits, the others P/Es over 100. Surely, some will be staggering successes. But others will go bankrupt. Even if the group by 1998 matches IBM's recent 15-year performance, shareholders will earn only 6% after inflation.

Company	Sales (millions)	Recent price	52 week high	52 week low	Latest 12-month EPS
AEL Industries	$ 53.8	41	44¼	12½	$0.24
Arrow Electronics	403.8	29⅞	34	9¾	–0.60
AW Computer Services	1.5	14½	19½	2½	–0.12
Biospherics	5.3	5½	7	3¼	0.04
Centronics Data Computer	82.4	24¼	28	6⅝	–3.20
Codenoll Technology	0.4	14	21	5	–1.07
Comdial	48.8	25¼	32⅝	6⅞	–0.04
Computer Memories	2.4	21¼	30	3⅝	0.12
Conolog	3.8	3⅞	4¾	⅜	0.02
Dataspeed	0.2	23¼	29½	5½	–0.36
Denelcor	1.0	14⅛	17	6	–1.56
Detection Systems	9.3	8¾	12	5½	0.07
EDO	101.8	27⅝	34⅛	8¾	–0.58
EECO	35.3	14½	15½	6½	–0.32
Energy Conversion Devices	19.8	42½	45	16	–1.68
Hadron	30.6	3⅛	4⅛	1½	0.03
Health Information Systems	6.1	27½	33½	4⅜	0.09
Intermagnetics General	5.8	15¾	22⅝	9⅜	–1.44
International Rectifier	119.2	35½	44⅞	7⅜	–1.65
La Pointe Inds	6.7	7	8¼	1¾	0.05
Lynch Communications	54.9	13¾	14⅜	7⅞	–0.46
Measurex	118.1	30	34⅞	13⅜	0.12
Nashua	597.7	26¾	28¾	8⅞	–7.88
Nicolet Instrument	93.9	18¼	19¼	7⅝	0.15
Numerax	5.6	13½	22¾	6⅝	0.09
Object Recognition Systems	0.3	13¾	16¾	4½	–0.69
Odetics	24.2	13	31	7	0.12
Optelecom	2.5	8⅛	10⅜	2⅜	0.06
Radiant Technology	4.9	1⅛	1¼	¼	0.01
Ragen Precision Inds	31.2	17⅝	24⅛	5½	0.10
Recognition Equipment	112.4	14¼	16⅝	4¼	0.12
REFAC Technology Dev	8.6	17½	20¾	11	–0.37
Rexon	9.9	14½	19	3⅛	–1.19
RV Weatherford	43.6	37	43½	3½	–1.45
Scientific-Atlanta	337.2	18⅞	22½	10⅝	–0.31
Semicon	24.5	8½	12	4	0.07
Semtech	11.7	8⅛	10	3	0.05
Silicon Systems	16.0	21⅛	25⅛	7⅜	–0.70
Siltec	39.4	20¾	26½	8¼	–0.06
Spectra-Physics	137.0	30⅜	37¼	13⅛	0.04
Switchco	NA	9¼	11⅛	3	0.07
Syntrex	30.4	9⅞	12½	5¾	0.02
T-Bar	29.6	11¾	17	6½	0.03
Technology Marketing	7.8	2⅝	4⅜	2	0.02
Tesdata Systems	13.9	13⅞	17¼	3¼	–0.03
TII Industries	23.1	18¾	23⅜	6¾	–0.89
Transitron Electronic	100.8	4⅝	6⅞	2⅜	0.01
United Telecontrol Electronics	4.5	21½	23	3¼	0.15
Wyle Labs	207.7	17	20	5	–0.18
Xicor	0.3	19½	27	6	–1.51

NA: Not available.

Source: Wilshire Associates

Statistical Spotlight

business with steady earnings, IBM's top-of-the-market profit margin of 13.5% and IBM's multiple. Then Hightech in 1998 would have a market value of $10 billion, providing a real annual return of just under 6%. Treasury bonds might do better.

One could argue that it's unfair to pick 1968 for comparison. Not surprisingly, starting from the lows in the winter of 1974-75 would have given very different results. That time was the pits for hot little stocks. If you had bought Aydin, Prime Computer, SCI, Computervision, Commodore or Gerber Scientific at that ideal juncture you would be sitting on gains of 10,000% to 20,000% now.

Is today's market more like 1968 or 1974? Judge for yourself. In 1974 Aydin Corp., a maker of computer displays and military electronics, was going for 2 times earnings. SCI was trading below book value. Computer stocks like those were almost pure Ben Graham bargains.

It's possible to be optimistic, and mostly right, about the future of technology and still remain poor. Victor Bartoletti, who has been running Computer Usage since 1970, recalls the firm's investment banker having said during the computer frenzy of the late 1960s: "We know there will be more money spent on software than on hardware. Therefore, out of these software companies is going to emerge a giant larger and more successful than IBM."

The investment banker was on target about the declining cost of hardware, which takes 45% of the data processing dollar, down from 60% in 1968. But he was wrong about software companies. Within a few years it became apparent that contract programming houses were no more like IBM than a firm of accountants or doctors. "They shouldn't have been taken public, in my opinion," says Bartoletti.

Not surprisingly, Bartoletti, Computer Usage's largest shareholder, sees the 1983 version of his company in a different light. "It's going to be a big, big seller," he says of his new $700,000 program. But since neither Bartoletti nor any of the rest of us are gifted with an ability to see the future, it's safe to say that technology and the business of exploiting it are going to veer off in unexpected directions. Which means that the legendary Hightech Inc. is going to have lots of unpleasant surprises in store for its hypothetical stockholders. ■

When public companies file for bankruptcy, their stock listings don't die. They just fade slowly into the West.

Purgatory on the Pacific

By Thomas Jaffe

"ABSOLUTELY UNBELIEVABLE." That's how James Gallagher, president of the Pacific Stock Exchange, describes the day in May when 1.8 million shares of Braniff International changed hands. At one point the stock, which finished the previous day at 2¾, hit 6½. It closed at 4⅜. A staggering 59% gain.

Why the frenzy? Hyatt Corp.'s plan to bail out the bankrupt airline. Even so, should one day's turnover amount to 9% of a company's float? That's a record for the PSE. "It is the equivalent of a single stock on the Big Board moving 40 million shares," says Gallagher, who formerly headed market operations at the New York Futures Exchange. "The most trading I ever expected to see in one of our locals was maybe 1 million shares."

Braniff isn't the only bankrupt listed on the PSE, either. There are 12 more, ranging from AM International to Wickes *(see table)*. Like many New York Stock Exchange stocks, ten of these companies were once listed dually on the PSE. Eventually they lost their Big Board status. Then the California exchange, which has trading floors in Los Angeles and San Francisco, became their primary home. Hence the term "locals."

As Gallagher explains things, the decision to let Chapter 11s continue to trade on the PSE is a boon to investors. The stocks get a visible and orderly trading environment, with a specialist for each stock. Something else, however, may be more significant. While margin trading is limited in the over-the-counter market, it is allowed on all the PSE bankrupts.

This leverage is particularly appealing to the speculators who buy such shares. The result: Even though these listings account for no more than 5% of total PSE volume, their low prices and heavy volume draw lots of customers.

They are all making risky investments. Besides being subject to violent price swings, bankrupt stocks are the favorites of some unusually smart professionals—guys who love to prey on amateurs. "If I'd been the specialist in Braniff," says one pro, "I'd have been slobbering all over myself to borrow shares to short at 6 or 6½." The current price: 1⅝.

How come tales of such volatility don't turn off more investors? "We're conditioned to believe that disasters are an inefficient segment of the market," says John Goode, chairman of San Francisco's Davis, Skaggs & Co. "Because companies like Penn Central and Chrysler emerged from their troubles successfully, everybody now thinks the whole bankrupt group is cheap. Also, investing in bankrupts used to represent the classic contrarianism. But these days contrarians have become the consensus."

Goode contends that most bankrupts are overpriced, not underpriced. Between last August and May of this year the total price of the PSE's bankrupts rose nearly 150%. "These stocks are overpriced *before* their reorganization plans have even come out. There were many investors who made a killing in Penn Central *after* the courts had decided what the new capitalization would be."

The allure of the bankrupts, however, continues to grow. And the NYSE doesn't want to lose this action. It continues to list four Chapter 11 stocks: HRT Industries, Manville, Mesta Machine and Revere Copper & Brass. "Bankruptcy does not automatically mean de-listing," says a Big Board spokesman.

Some old hands, though, don't think that keeping bankrupt companies on the NYSE will bring respectability. "When it comes to trading in Chapter 11s," snickers one PSE broker, "the difference between them and us is like the difference between a courtesan service and a whorehouse." ■

A baker's dozen bankrupts

These 13 companies may be bankrupt, but they still trade on the Pacific Stock Exchange. These days, volume is brisk.

Company/business	Bankruptcy filed	Outstanding shares (mil)*	Recent price	—52-week— high	low
AM International/business equip	1982	10.2	5½	7	–1
Berven Carpets/carpets	1982	3.7	⅝	1½	– 5/32
Braniff Intl/airline	1982	20.0	1⅝	6½	– 7/32
Dant & Russell/forest products	1982	0.8	2½	4½	–1⅛
Gilman Services/wholesale drugs	1982	3.2	11/16	3	– ⅜
Itel/trans equip leasng, fin svcs	1981	12.1	1⅝	2 13/16	– ⅜
KDT inds/retail	1982	7.3	⅜	1⅝	– 13/32
Lionel/electronics, toys	1982	7.1	4⅞	7¾	–2¼
Sambo's Restaurants/restaurants	1981	12.8	2½	4¾	–1 1/16
Saxon Inds/business equipment	1982	7.8	1⅞	3	– 7/16
Seatrain Lines/tankers, chartering	1981	14.5	1 5/16	2⅞	– ¼
White Motor/automotive	1980	9.4	¾	1 15/16	– 5/32
Wickes Cos/retail	1982	14.4	6¼	8⅛	–2 7/16

*Data supplied by Pacific Stock Exchange.

Taking a profit out of the OJ market can be hard, but this trade might do the trick.

A DIFFERENT KIND OF BREAKFAST SPREAD

By Stanley W. Angrist

Most commodity traders rarely, if ever, think of trading frozen concentrated orange juice (FCOJ). The one exception to that statement is when there is the threat of a hard freeze occurring in Florida's orange-growing region in December or January. Then everyone wants to buy. As a rule it is too late or impossible to get in at that point. Think about trading OJ while you are still sitting at the beach or pool.

The 1982-83 orange harvest is coming to a close, and Florida processors are likely to pack as much as 175 million gallons of juice, up from 133.3 million gallons in the 1982-83 crop year—an incredible 31% increase. This production level is the first increase in three years, and is chiefly because of the frost-free winter in 1983. Severe freezes in 1981 and 1982 cut total production by 25% and 24%, respectively, forcing processors to import Brazilian juice to satisfy U.S. demand.

The domestic pack this year should satisfy more than 80% of expected demand, reducing the need for Brazilian juice. So far, foreign imports are down almost 50% from the year-ago level of 70 million gallons. The USDA recently noted that Brazil is now going to concentrate its export efforts on the Middle East and Western Europe in an effort to reduce its inventories and its dependence on the U.S. market, which should also help its disastrous international debt problems.

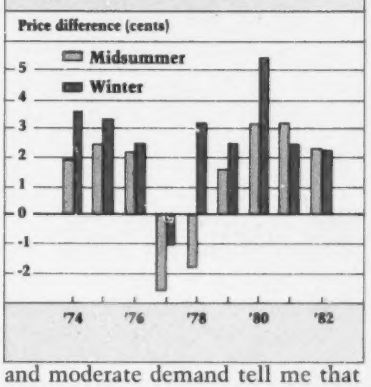
A supply/demand table is shown here for the current year, ending Nov. 30, 1983, and for the preceding four years. The outlook for substantially increased supplies is juxtaposed against a questionable demand picture. Without considerable usage expansion over the next three months, total movement of FCOJ into wholesale and retail channels will register its third consecutive annual decline. Some analysts believe that declines in unemployment and the July 1 tax cut will spur demand a bit. As of mid-July, demand, as measured by movement of product out of Florida, is down about 1%, compared with last year.

Barring a midwinter freeze, the fundamentals of increased supplies and moderate demand tell me that FCOJ's price is not going to run away. A spread with a high degree of reliability *(see chart)* involves buying May/selling January. Try to do the spread with January at least at an 80-point premium. The margin on this spread is $500; the round-turn commission about $75. ■

Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

Vitamin C special

In mid-summer of most years the May contract of frozen orange juice carries a premium to the January. Historically, that premium has gotten bigger as winter nears. In 14 of the last 16 years it has widened enough to generate a profit for traders. The bar on the left is the premium (or discount) of May to January in midsummer and the bar on the right is for mid-December.



Balanced breakfast

The figures below (in millions of gallons) track increasing supplies and falling demand for frozen concentrated orange juice. Note that production dropped sharply in the crop years ended in 1981 and 1982 because of severe midwinter freezes. The orange juice crop year begins Dec. 1.

	1978-79	1979-80	1980-81	1981-82	1982-83*
Supply					
Beginning stocks	30.9	37.4	57.3	69.0	53.6
Production (net)	173.1	231.3	174.5	133.3	171.5–175.1
Imports	28.7	16.5	56.9	70.3	35.0–45.0
Other	14.6	8.6	18.2	11.3	8.5
Total	247.3	293.8	306.9	283.9	268.6–282.2
Demand					
Movement	200.7	232.8	228.5	223.0	205.0–215.0
Futures delivery	9.2	6.2	12.1	7.4	5.4
Total	209.9	239.0	240.6	230.4	210.4–220.4
Ending stocks†	37.4	54.8	66.3	53.6	58.2–61.8

†Subject to year-to-year revision.

*Sources: Data—Florida Citrus Processors Association. *Estimates—Shearson/American Express.*

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SEPTEMBER 26, 1983 THREE DOLLARS

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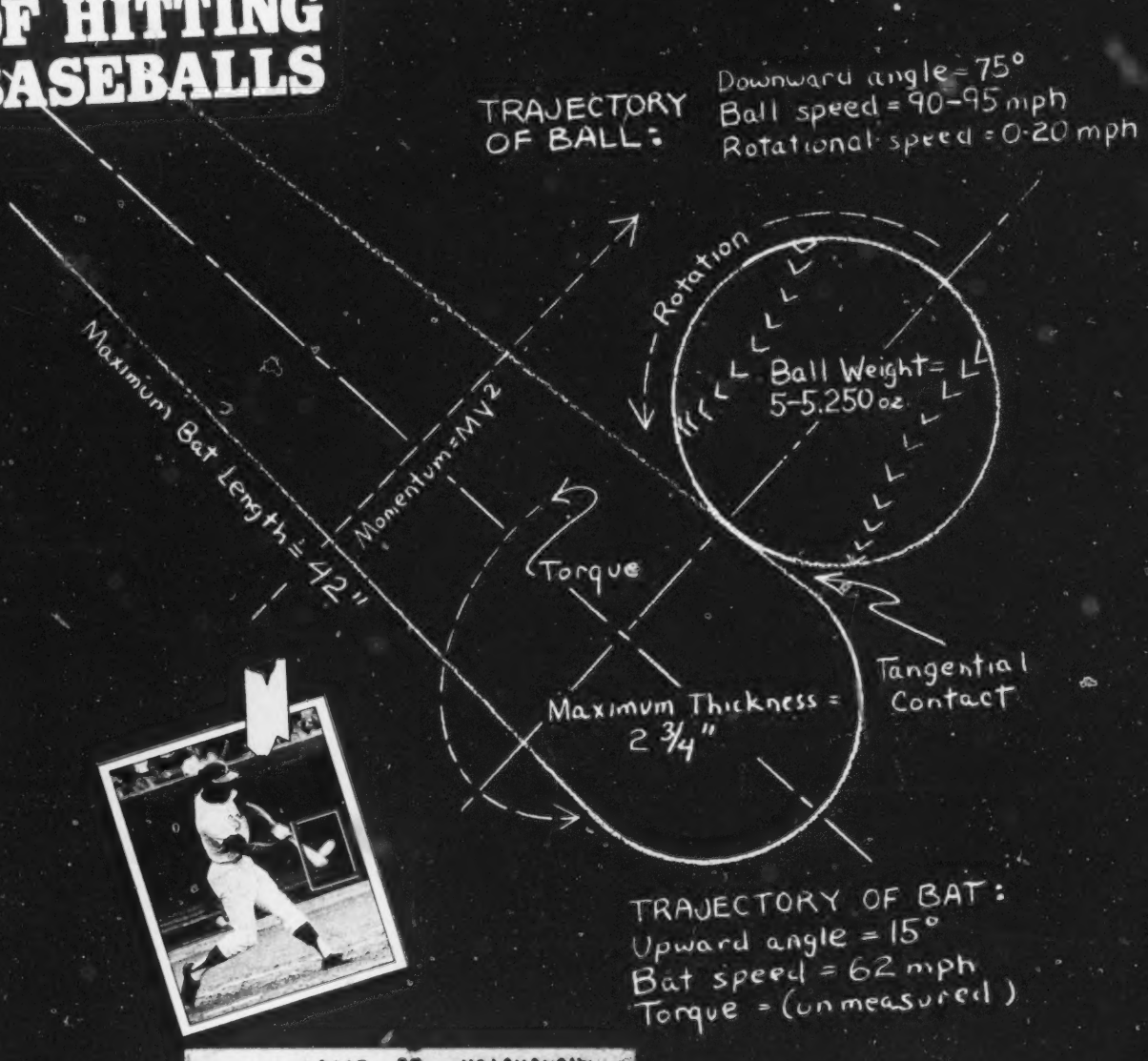
THE SCIENCE OF HITTING BASEBALLS



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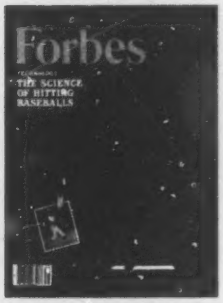
Volume 132,
Number 7



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Cover Illustration: Andrew Christie

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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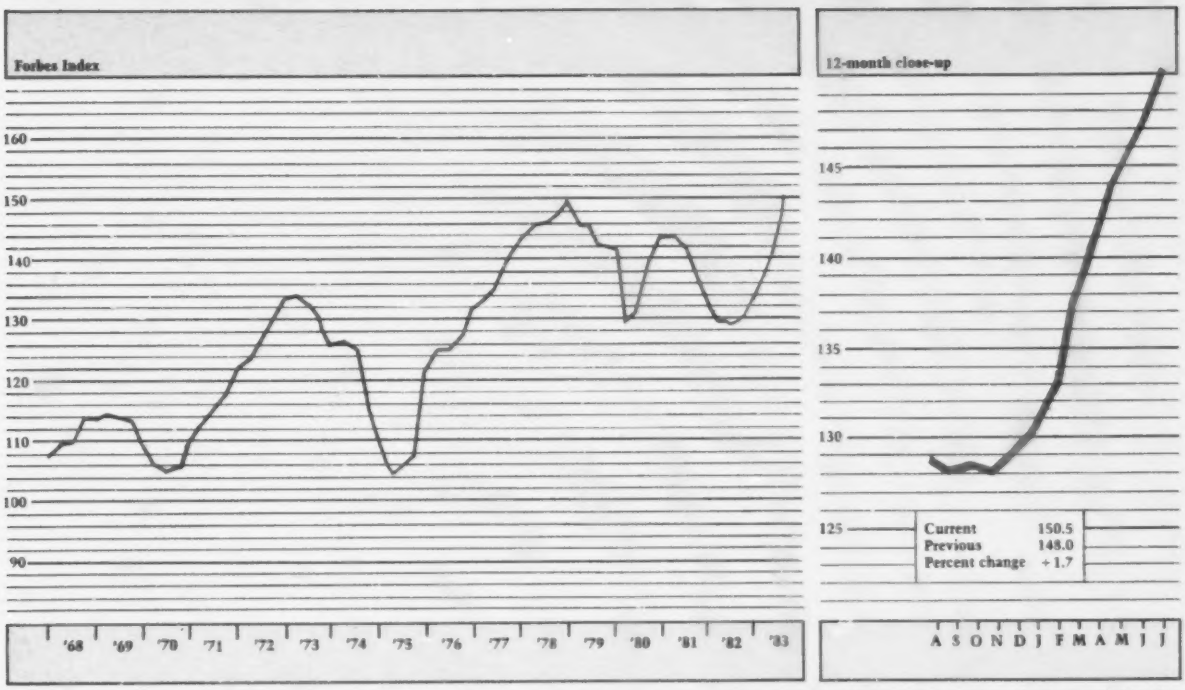
The Forbes Index



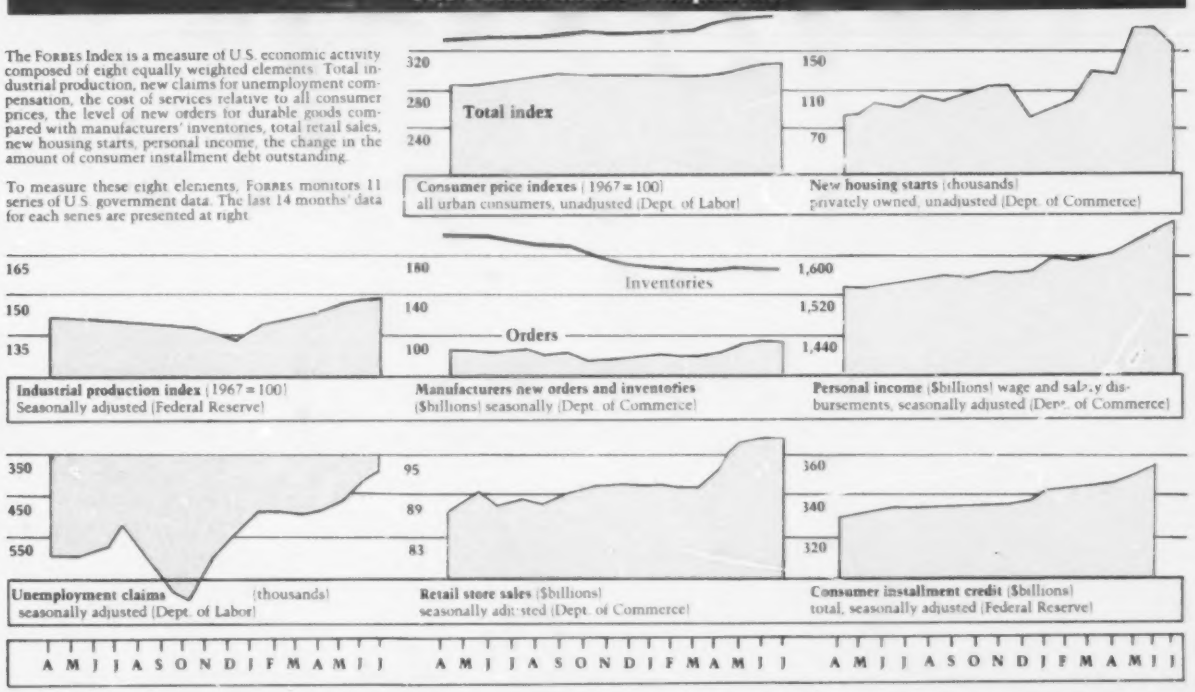
Pushing up. The Forbes Index, once again, made a respectable gain. With a 1.7% advance, it is now at an alltime high. Helping to boost the Index was a healthy drop of 6.6% in new unemployment claims from June to July. This is the fourth consecutive month in which this statistic has declined, and the trend is an encouraging sign. A rise in consumer prices also contributed to the gain. The service component shows a 0.5% month-to-month rise, while the total Consumer Price Index moved up only 0.4%.

Two components slowed the upward movement: manufacturers' new orders were down 3.6% and inventories declined 0.1%. But, in the short run, these minor setbacks could help minimize inflationary pressure. In the long run that could help to sustain the recovery.

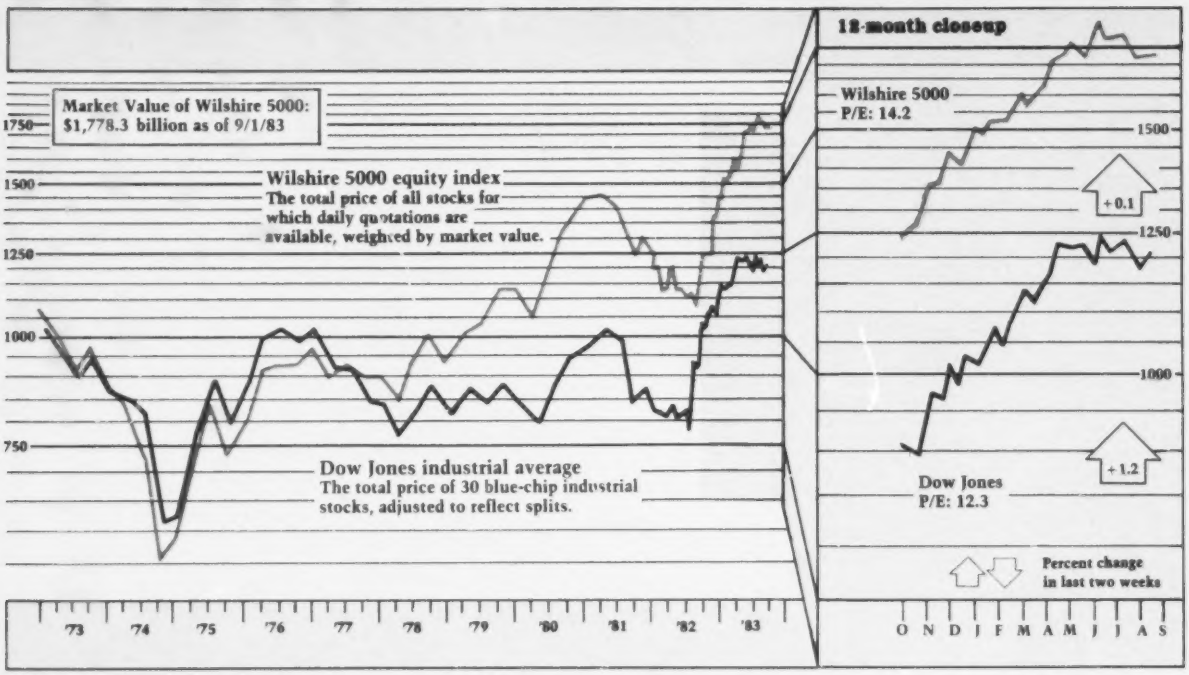
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review



Quality counts. For most of August trading volume was anemic, but at the end of the month the market began to pop up. In one day of heavy trading the Dow gained more than 20 points. Nevertheless, as the summer wound to a close, investors took few chances with this more than 12-month-old bull market. Bargain-hunting helped to take some of the pressure off the technology issues, and some cautious buying pushed the Dow up 1.2% for two weeks and 2% for the four-week period.

But the NYSE and the broadly based Wilshire index were up only 0.1% for the two weeks and underperformed the Dow over the four-week stretch. The real weakness was in the secondary issues. The Amex slipped 0.3% over two weeks and 0.2% over four weeks. And NASDAQ stocks declined 1.7% in both the two-week and four-week periods. However, on a 52-week basis the Amex and NASDAQ indexes are running neck and neck for the lead, with gains of just under 65%. On the same basis, the Dow has underperformed the NYSE: 32.7% vs. 37.5%.

High-P/E stocks lost 1.7% over four weeks while low-multiple issues managed to eke out slight gains. Nevertheless, the P/E for the average issue rose. The multiples on both the Wilshire index and the Dow are higher than they were a month ago.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.7	1.9	2.0	1.6	–0.2	–1.7
in last 52 weeks	41.2	35.4	32.7	37.5	63.4	64.1

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	1.8	–2.9	–1.5	0.4	–1.7	0.2	1.0	–0.3	–0.4	0.7	0.1	–2.6
in last 52 weeks	42.5	137.3	121.6	51.8	89.1	126.9	45.1	125.8	141.5	50.6	55.4	129.1

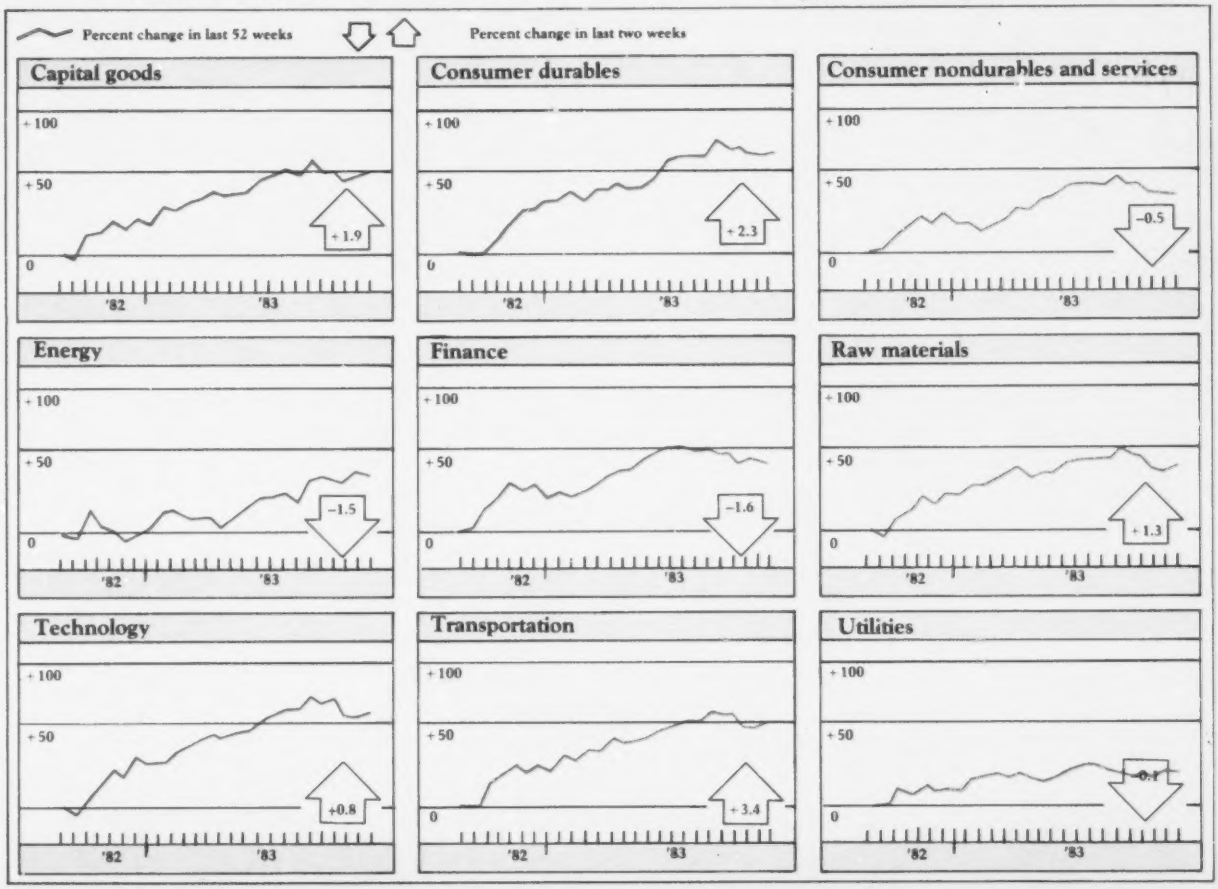
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 9/1/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

The oils cool off. After making it through the summer relatively unscathed and posting a 16% gain from the beginning of June until the middle of August, the oils took some of the hardest blows. Energy stocks fell 1.5% in two weeks. And on a 52-week basis the energy stocks dropped behind raw materials. Now the only sectors that have smaller annual gains are consumer nondurables and utilities. Both of these sectors also registered two-week fractional losses. However, the weakest group during the last ten trading days was finance, off 1.6%.

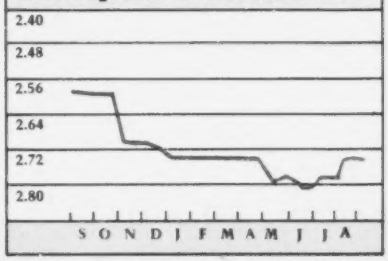
Transportation, up 3.4%, and consumer durables, up 2.3%, put in the best performance. The auto industry is still not cruising at high speed, but prospects are a lot better than they appeared a year ago.



What The Analysts Think

It pays to study finance. Despite the fact that the finance sector was the worst-performing group during the last two weeks, the experts think that these stocks are now slightly more attractive. On the other hand, the seers are a bit more pessimistic about other groups. In the last two weeks, they downgraded five of the nine sectors.

The experts' consensus



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.47	1	1
2	Transportation	2.67	2	2
3	Raw materials	2.70	3	3
4	Energy	2.75	4	4
5	Finance	2.75	5	6
6	Capital goods	2.79	6	5
7	Technology	2.81	7	8
8	Consumer nondurables	2.83	8	8
9	Consumer durables	2.98	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 9/1/83. Prepared by Wilshire Associates, Santa Monica, Calif.

The average stock is up 62% since Aug. 12, 1982. But lots of issues can't match that performance. Here are the laggards.

Bull market bums

By Diana L. Hoadley

AFTER A BRILLIANT ten months, the stock market struggled through the summer and now may be on the mend. The broad-based Wilshire index is up 62% since last August. The Dow industrials made 52.5% gains, and the performances of Amex and NASDAQ issues were even more spectacular.

But averages are averages. Not all shareholders who rode the market during the last 12 months wound up rich. Yes, Virginia, it was possible to lose money on Wall Street, even during 1983.

To get a feel for the losers, we screened the 5,000-stock Wilshire database for issues that gained 10% or less since the market began climbing out of the high 700s. We eliminated some of the more volatile low-priced and smaller firms by requiring a recent market price of at least $5 and sales of at least $50 million. We also eliminated companies without at least 50 cents in per-share earnings for the latest 12 months.

What is left is a list of 50 stocks that failed resoundingly. When you consider that investors in today's market doubled and even tripled the prices of companies such as American Motors, International Harvester, Beker Industries and Eastern Air Lines—even though these firms are still losing millions of dollars—the performance of the stocks in our table is sad indeed.

In a bull market, of course, even failure has its rewards. Note that the six stocks at the bottom of our losers list actually posted gains of up to 10%. Not too long ago, many a money manager would have earned a raise to end the year with an average return that good.

Each firm on the table has its own hard luck story. Still, there is a heavy representation of banks and utilities. Overextension and overexpansion also hurt companies like Reeves Communications and Long Island Lighting, which investors once loved.

In the depressed pre-bull market, other companies were flush with cash and went hunting for bargains. But some of their "buys" required heavy borrowing and high interest charges. Baldwin-United's acquisition of MGIC, for example, contributed to a $1 billion pile-up of short-term debt.

Nutri/System is also high on our list. In the early 1980s this young company scored big with its weight-loss control centers. From 1972 to 1982 Nutri/System managed profit growth of 95% annually. Then came the acquisitions—200 Gloria Marshall fitness centers, an executive search firm and expansion into natural cosmetics.

All this added inches to what once was a chic corporate profile. Earnings have declined about 30% and debt has risen from zero to $8 million for the year ended July 31, 1983. Now, trimming the fat will be painful. Steven Handley of L.F. Rothschild sees profits of $2.50 a share in fiscal 1984, "provided the effects of diversification can be neutralized."

Other companies, of course, stumbled for the opposite reason. They didn't diversify quickly enough. Wells-Gardner, for example, specializes in video monitors for coin-operated video games and computer terminals. It enjoyed the giddy rise in the popularity of video games, but the firm now faces a decline in excess of 50% on orders for the year ended Aug. 31, 1983. A major customer (Bally/Midway) scaled back orders, and a former customer (Atari) now supplies its own monitors.

The screen that reads "game over" for much of the coin-operated video market puts another company on our list. Bally Manufacturing, the parent of Bally/Midway and Bally Park Place (83% ownership) has suffered an 86% decline in profit for the six months ended June 30, 1983, versus the comparable period for 1982. Meanwhile Bally is enjoying the game at Atlantic City. Slot-machine revenues are increasing at above-average rates. The future? Bally Park Place's prospects should continue to improve as Atlantic City's popularity increases, and the company should help its video game sales with the recent acquisition of Sega Enterprises, a leader in laser disk technology.

Currency losses also added several companies to our roster of bad performers. With the dollar hitting new highs and currencies like the French franc, Italian lira and Mexican peso hitting new lows, firms as diverse as Kodak, Johnson & Johnson and PepsiCo have been hit by shrinking profit margins.

What venturesome investors might find attractive about our hard-luck

Even the bad guys were good

One measure of the market's recent strength is the fact that over the past year no industry group dropped in price. Here are the ten worst performers.

Group	% change
Recreation—movies, sports	10.2%
Electric utilities	16.9
Food—confectioners	29.1
Food—packaged goods	29.4
Tobacco	30.5
Communications	31.8
Cosmetics & personal items	35.9
Drugs	41.[illegible]
Precision instruments	42.1
Heavy machinery	47.2

Source: Media General.

companies, however, is the fact that most of them have comeback potential. Many, such as Wells-Gardner, Hauserman, Long Island Lighting and Piccadilly Cafeterias, are selling close to their 52-week lows. A few, including American Biltrite, Enterra and Tesoro Petroleum, are selling below book value.

With so many other issues trading on the basis of lofty earnings estimates two and three years out, these losers may be among the more reasonably priced stocks around. Everyone warns speculators that what goes up must come down. But sometimes people forget that what went down may be even more likely to go up. ■

Pulling up the rear

These 50 companies are among the poorest performers in the current bull market. But even their results are not bad by historical standards. Almost half managed to come through the period with gains rather than losses.

Where traded	Company	Business	Price: % change since 8/12/82	Price: recent	Price: 52-week range	EPS latest 12 mos	P/E	Yield	Book value
N	Baldwin-United	insurance	−71%	7	50⅝– 5½	$2.24	3.1	0.0%	$20.57
A	Wells-Gardner Elec	electronics	−47	6¼	12⅞– 6¼	1.22	5.1	8.0	4.72
O	Affiliated Bk Cp Wyo	banking	−24	29	38 –23	3.70	7.8	5.4	35.82
O	First Bancshs La	banking	−24	20¼	20¾–13¼	2.43	8.3	2.0	28.84
O	Reeves Comms	entertainment	−23	13	28⅝–12	0.62	21.0	0.0	12.46
O	Tony Lama	apparel	−21	16⅝	25¼–12⅜	1.50	11.1	4.8	16.06
N	Enterra	energy	−19	18½	27 –14⅞	1.41	13.1	4.5	20.25
N	Bally Mfg	hotel/gaming	−15	20⅝	31⅝–19⅝	1.65	12.5	1.0	18.67
N	Nutri/System	weight-loss centers	−11	17⅜	48⅛–16¾	1.67	10.4	1.8	3.91
O	Hauserman	furniture	−8	11¾	19 –11½	0.88	13.4	4.3	13.24
O	Teleco Oilfield Sv	oilfield services	−7	13¼	20½–12	0.63	21.0	0.4	6.05
N	PepsiCo	soft drink	−6	34	50 –32⅝	2.76	12.3	4.8	18.60
O	Oceaneering Intl	oilfield services	−5	10⅞	16⅝– 8½	0.66	16.5	0.0	6.72
O	Mark Twain Bancshs	banking	−5	15	16 –14½	2.79	5.4	4.8	22.59
N	Tesoro Petroleum	petroleum	− 4	16⅝	18⅝–14	2.90	5.7	2.4	27.67
N	Daniel Industries	oilfield equipment	− 4	10¼	14⅞– 9¼	1.99	5.4	1.7	11.50
N	Eastman Kodak	photo/chemical	−3	69⅜	98⅛–64⅛	6.83	10.2	5.1	45.51
N	Michigan Energy Res	utility	−3	12⅜	15⅝–11½	0.90	13.8	10.8	NA
O	Piccadilly Cafeterias	restaurants	−3	13⅛	18⅜–13⅛	1.08	12.2	4.6	7.29
O	Provident Bancorp	banking	−3	46¾	48½–41	5.42	8.6	0.2	46.99
O	United Cities Gas	utility	−2	11¾	13¼–10¾	1.48	7.9	11.1	16.06
N	Long Island Ltg	utility	−1	14¾	18 –14½	2.72	5.4	13.7	18.65
O	Moore Prods	precision instruments	0	26¾	33¾–26¼	2.15	12.4	3.3	19.75
N	Wendy's Intl	fast-food service	0	14¾	19⅝–11⅜	1.17	12.6	1.6	6.55
O	Color Tile	specialty retail	1	14¼	28 –13¾	1.28	11.1	0.0	9.80
N	Sea Cont/SeaCo Grp	maritime	1	23	31 –22	2.97	7.7	1.8	10.61
O	William E Wright	apparel	1	11	15½–10	1.65	6.7	3.3	13.65
N	Sargent-Welch Scien	precision instruments	1	26⅞	32½–25¼	1.35	19.9	4.5	24.48
N	Duke Power	utility	2	21⅞	24 –20½	3.32	6.6	10.4	25.07
N	Suave Shoe	footwear	4	8⅞	13⅞– 8¼	1.63	5.4	3.4	11.70
N	Cincinnati G&E	utility	5	16⅞	20 –16½	2.60	6.5	12.8	20.14
O	First Okla Bancorp	banking	5	16¼	21 –14¾	1.55	10.5	3.9	20.99
O	Bitco	insurance	5	19¼	27 –17¾	2.32	8.3	6.9	35.98
N	Dominion Resources*	utility	5	20⅞	23¾–19½	2.88	7.2	11.5	18.48
N	Johnson & Johnson	health care/hosp sup	5	40⅞	51½–38¾	2.64	15.5	2.7	15.85
N	Frank B Hall & Co	insurance	5	27⅞	35⅜–24½	1.27	21.9	6.1	14.92
N	Washington Wtr Pwr	utility	6	19⅛	22¾–18½	8.03	6.3	13.0	22.54
A	Ionics	water purification eq	7	17¼	25¾–17	1.12	15.4	0.0	11.93
O	Independent Bkshs	banking	7	12¼	13¼–10¾	1.44	8.5	2.4	11.22
O	Heritage Wisconsin	banking	8	14	14 –13	1.83	7.7	4.3	14.72
N	Kroger	grocery stores	8	38⅜	47¼–34⅞	4.28	9.0	4.9	32.81
O	Washington Energy	utility	8	13⅛	15⅛–12½	1.42	9.2	12.2	17.58
A	American Biltrite	floor covering	8	6½	7½– 3½	0.18	36.1	2.3	8.61
A	American Petrofina	petroleum	8	59¼	60⅝–47¼	3.36	17.6	5.4	52.07
N	Aetna Life & Cas	insurance	9	36⅛	44¾–32⅞	4.22	8.6	7.3	47.27
O	Central Banking Sys	banking	9	20	22½–18¾	2.14	9.3	2.0	15.68
N	American Elec Pwr	utility	9	17⅝	20 –17	1.85	9.5	12.8	20.36
N	Northwest Inds	multicompany	9	40½	44⅞–32½	0.96	42.2	6.6	37.53
N	Portland General Elec	utility	10	14¼	15⅝–13¼	2.94	4.8	12.5	18.45
N	Carolina Pwr & Lt	utility	10	21¾	23 –18⅞	3.16	6.9	11.0	25.09

*Formerly Virginia Electric & Power. A: American Stock Exchange. N: New York Stock Exchange. O: over-the-counter. *Source: Wilshire Associates.*

OCTOBER 10, 1983 THREE DOLLARS

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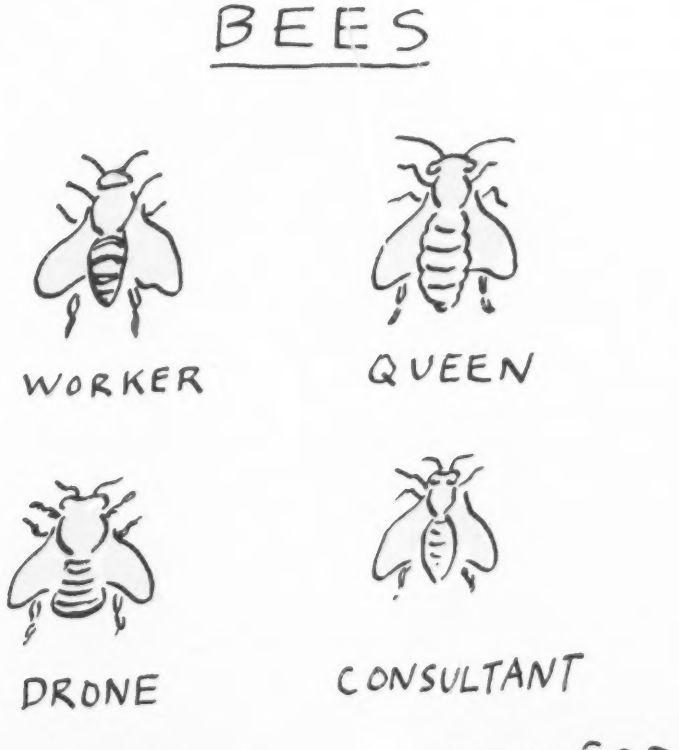
Forbes

MANAGEMENT

WHY ARE WE PAYING THE BOSS?



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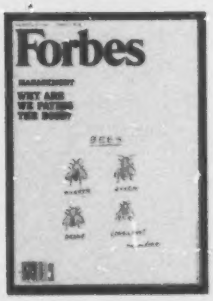
October 10, 1983
Volume 132,
Number 8



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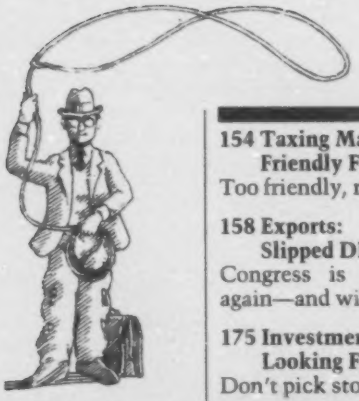

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Illustrations:
62, 158, 198, 199, 202, Chas. B. Slackman; 102, 108, Peter Kuper; 128, Susan Gray; 136, 137, 138, 142, 144, M. Crawford

Cover Illustration: M. Crawford, ©1983 The New Yorker Magazine, Inc.

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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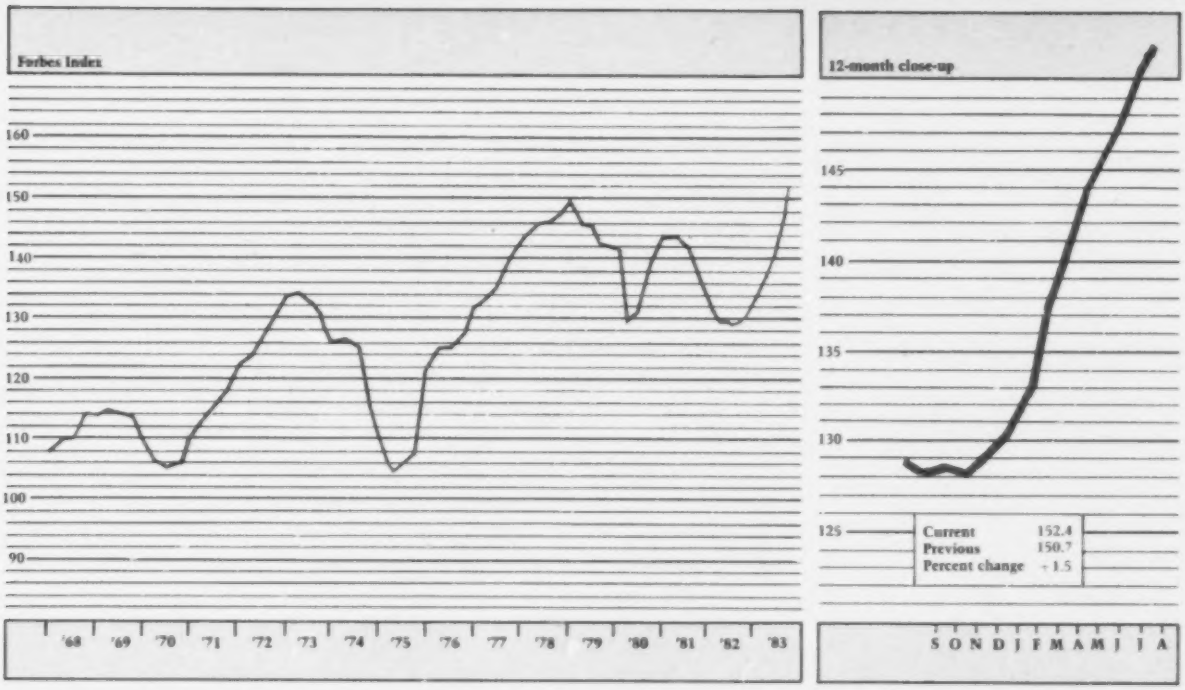
The Forbes Index



Growing but slowing. The Forbes Index again registered an advance. However, over the last several weeks the growth rate of these gains has fallen steadily. This may be a positive sign—indicating that the rebounding economy will avoid premature overheating.

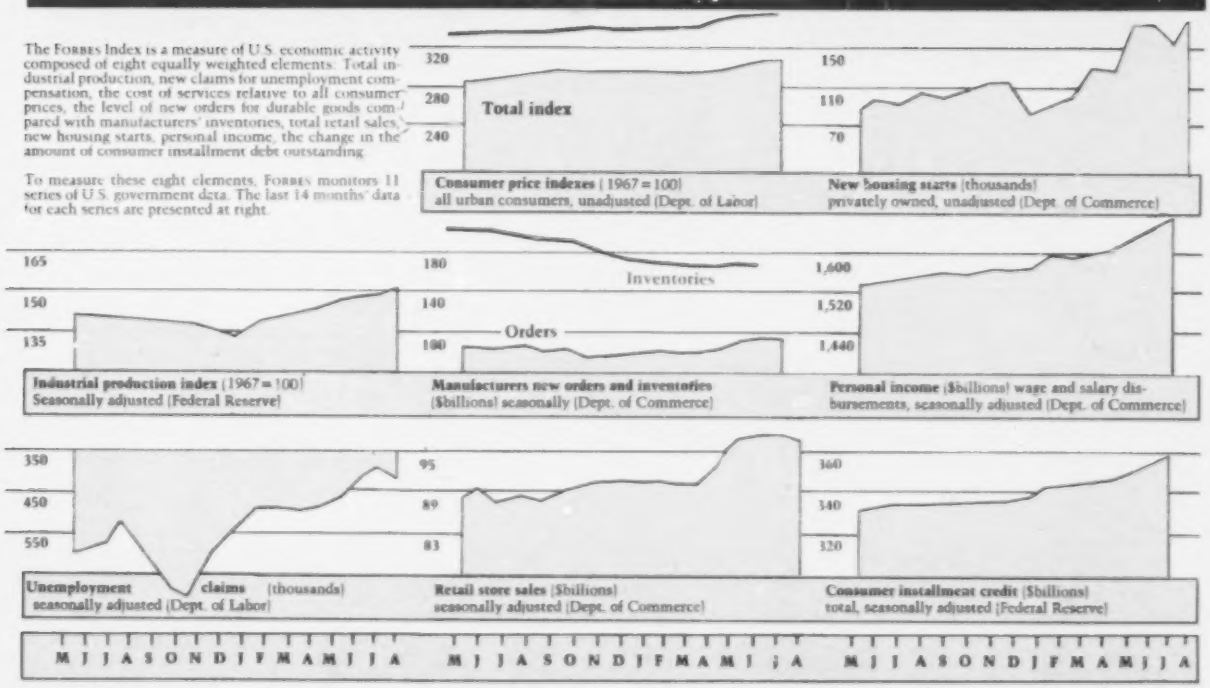
New housing starts show a 1.8% gain in August. Industrial production rose 0.9%. Consumer installment credit made a modest month-to-month advance of 0.2%.

A 7.9% jump in new unemployment claims, however, helped keep the Forbes Index from posting new gains. So did a 1.4% drop in retail sales. But this figure is misleading: The decline in retail sales was caused in part by the lack of new cars on dealers' lots. With Detroit increasing production fast, this situation shouldn't last long.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



Crop yields soar, mechanization advances, subsidies climb. European agriculture follows that familiar path upward. Add it all up and you have . . .

More bad news for the American farmer

By Rosemary Brady

MAURICE POPOT rises with the sun at 6:30 on his farm 37 miles south of Paris. In denim jacket and jeans, a cloth cap on his head, he strolls to the barn that holds four of his ten tractors and instructs two employees on their jobs for the day. One will treat the *betteraves*, the sugar beets, with expensive fertilizers. Another will begin to spread manure over 370 acres soon to be planted with wheat.

Popot, 63, is no peasant. He's a modern French farmer with a 4% increase in production annually for the past decade and a $65,000 income last year. In his way, Popot symbolizes the enormous change taking place in the fields of Western Europe, a change directly affecting America's own great farm industry.

"I was born here on this farm," he says, hopping into his well-kept Renault and heading for a shortcut through his 580 acres.

"We used to farm many little parcels only 10 meters big. We plowed the fields with horses. We kept a lot of animals, many sheep. Now we have no animals except for our two dogs. Since the war we've had a kind of industrial revolution. New fertilizers for treating crops. Stronger and better equipment. It's incredible," he says.

Indeed it is. European agriculture is going through the same changes that rolled through the American heartland the past three decades—and that's bad news for American farmers seeking markets abroad. There's strong productivity growth. On Popot's farm, in a region that looks re-

Maurice Popot, his home and one of his ten tractors at work on his 580 acres 37
"We used to farm many little parcels only 10 meters big. We plowed the

miles south of Paris
fields with horses," he says. "Since the war we've had a kind of industrial revolution."

Comparing the farms

Farms in the Common Market nations still are smaller and more labor-intensive than farms in the U.S. But in the past decade the number of farms decreased by 18%, the acreage per farm was up 30%, fertilizer and tractor use soared and the number of laborers employed dropped 35%.

	EEC	U.S.
Agriculture as a % of gross domestic product	3.7%	2.5%
Total cropland	121.3 mil acres	413 mil acres
Number farms	6,758,000	2,428,000
Average farm size	18.3 acres	429 acres
Output per farm	$20,137	$40,627
Gross value added*	$76.6 billion	$77.8 billion
Employed in agriculture	8.8 million	3.4 million
% employed in agriculture	8.2	3.4%
Crop area per worker	13.7 acres	121.3 acres
Persons supported with one farm worker's work	25	60

*Value of production minus cost of production. Source: U.S. government 1981 figures.

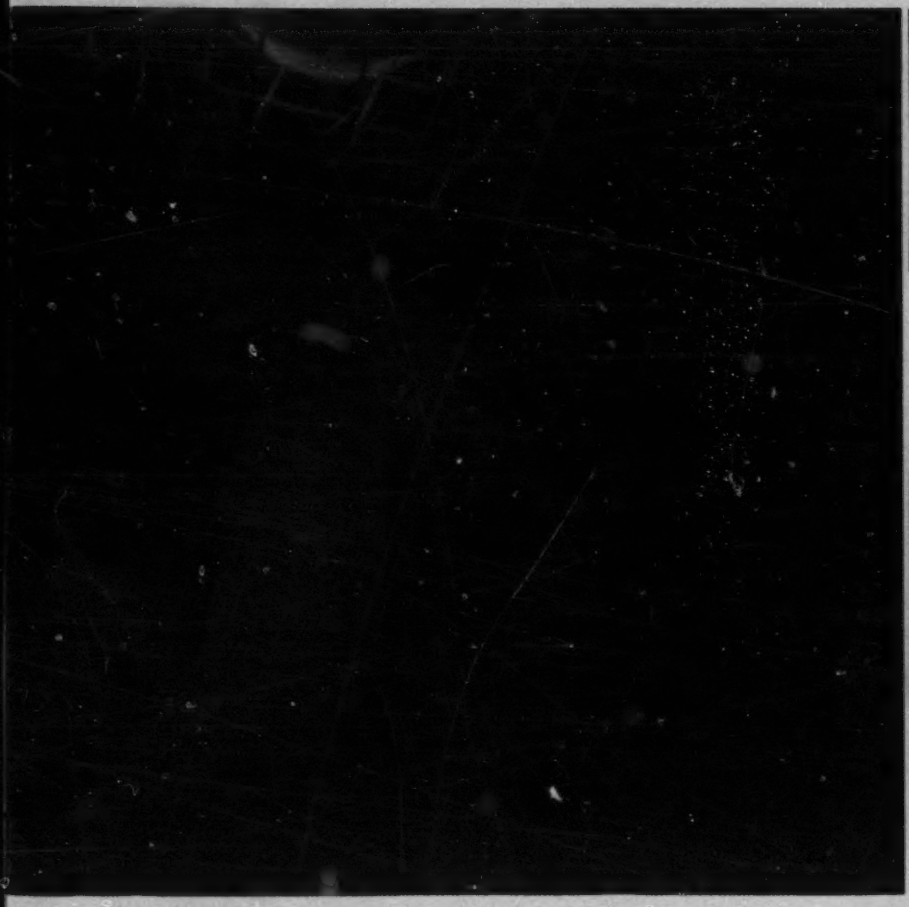
The livestock of Henri Hello and his wife, Odile, who raise 1,400 pigs on 70 acres in Brittany
"We don't care about grand political themes, but we will defend our incomes," says Henri, who sees himself

markably like Kansas, wheat yields have jumped 60%. On farms as large as 1,500 acres, American irrigation systems and fertilizers help produce harvests twice as big as in our own wheat belt. Within the last decade fertilizer use is up a third and there are a fourth more tractors. While the number of farms in the ten-nation EEC declined 18%, the acreage per farm increased 30%, and farm employment dropped 35%. Europe became a net exporter not only of wine, cheese and poultry but also of red meat, wheat, barley and sugar, with all farm exports up 156% since 1976.

But European farmers are running into the same problem as their American brothers. They are beginning to grow more than they can eat or sell, and no one knows how to turn down the spigot. Spending in the EEC, the European Economic Community, the Common Market, to support agriculture doubled since 1978 and jumped 30% this year to $14.5 billion. Separate support systems in the various nations push the total to $30 billion and the EEC governments are frightened by the rising bill. So while Popot harvests his sugar beets and plants his wheat this fall, foreign ministers and finance ministers will argue: The U.K. and West Germany want to slash the subsidy bill while France, Ireland, Italy and Greece want higher incomes for their farmers, and the Dutch churn out milk and cheese and want help getting rid of it. And none dare offend those farmers who have learned about the ballot box and vote their pocketbooks. Meanwhile, the U.S. and the Europeans skirmish over export markets and accuse each other of unfair subsidies.

No wonder that out in the fields Popot is confident: "I don't think [the EEC] will make many changes. I don't think they can make many changes."

But before sneering at the Europeans, remember that American subsidies are jumping to $21 billion this year, from $11 billion last year, while we have amassed a pile of milk and cheese as big as the Ritz. Our Congress can't figure a way out, either. If there's a difference between policy,



as a cross between an artisan and an industrialist.

production and gives the surpluses away when the pile gets big. The Common Market does the same thing in a different way: It pays to encourage production and gets rid of the surplus by subsidizing exports.

In spite of all this, Western Europe remains the biggest customer for U.S. farm products: $11 billion in sales last year, including $8.3 billion to the Common Market states, in all almost one-third of some $36.6 billion in total U.S. agricultural exports. But U.S. farm exports to the EEC are dropping fast, and the Common Market policy, which includes levies on farm imports into Europe and subsidies for EEC farm exports, irks the U.S.

Last year European wheat farmers earned an average minimum support price of $209 per metric ton of wheat, vs. $148 for farmers in the U.S. Such high prices encourage production. Then the EEC subsidizes the dumping of surpluses on the world market. The Common Market's share of the world wheat trade rose from 8% in the early 1970s to 15% last year with expenditures on wheat export subsidies now topping $1 billion. But, shades of Wisconsin, the dairy problem is worse. Milk deliveries increase 3.5% a year while demand grows only 0.5%.

The EEC is trying to turn the spigot down. Last year the EEC threatened farmers with a curb on the increasing wheat guarantee price and a tax on milk, if production didn't level off. The farmers paid little heed. Milk production topped the goals and still piles up, 1.4 million metric tons of skim milk powder and 800,000 metric tons of butter remain unsold. Now the EEC talks about firm quotas and punishment taxes on overproduction and a cut in the butter subsidy. "It is no longer either right or possible to continue providing the Community's 8 million farmers with an open-ended price guarantee irrespective of the market," says EEC Agricultural Commissioner Poul Dalsager.

But threats don't always frighten farmers. "I can't tell you there will be a revolution but there will be a lot of trouble if they try to impose quotas," says Domenic LeCoq, a local official of FNSEA, the large and tough French farmers union, in St. Brieuc, Brittany. Last year, in a successful drive to boost prices, the union flooded Paris with farmers. "We could easily flood Paris with farmers again," LeCoq tells FORBES. "We don't care about grand political themes, but we will defend our incomes," says Henri Hello, 35, a pig farmer who with his wife, Odile, raises 1,400 pigs on a 70-acre farm in Brittany. In the past few years, French farmers have fought a turkey war with the U.K., a wine war with Italy and complained that West Germans have an unfair currency advantage.

So, one way or another, the U.S. farmer faces increased competition from Europe. We've seen this already, as the U.S. threw huge subsidies at Egypt to win grain, butter and cheese contracts, while the Europeans snatched poultry sales to Saudi Arabia and Iraq. We attack their support of pasta processors, while they threaten restrictions on feed imports from us. No conferences of ministers can solve this problem: European agriculture is changed. The peasant is dying, long live the farmer. ■

If American managers were doing what they are paid well to do, would they really need so much high-priced help? Here's a skeptical look at one of the nation's fastest-growing professions.

Are all these consultants really necessary?

By John A. Byrne

CHARLES BLUHDORN, the late chairman of Gulf & Western Industries, was very much an old-fashioned, gut businessman. He had, to put it mildly, little use for consultants. But with the ink scarcely dry on Bluhdorn's obituaries, his successors put a relatively small consulting job up for bids.

Although only little more than $100,000 in total fees is involved, four consulting firms, including heavyweight McKinsey & Co., were in there bidding. "Everyone wanted this assignment because it means exposure to the new management," confided one competitor. That could bring lots of business, since G&W, a $5.3 billion-a-year conglomerate, is a huge, untapped market for consultants.

How huge? Well, consider what's happening at Pacific Telephone & Telegraph, a company only slightly larger than G&W. The California utility's budget for outside consultants and researchers last year ran to $7.7 million—a figure that is probably rising fast. To prepare for life without AT&T, PacTel is hiring consultants by the busload, as many as 90 firms by one recent estimate.

Management Analysis Center of Cambridge, Mass., for example, is laying the groundwork for a new "corporate culture" at PacTel. Syn-Cronamics of Englewood Cliffs, N.J. is working to boost employee productivity. Coopers & Lybrand is helping management develop an entrepreneurial spirit. Meanwhile, the Kappa Group was brought in from Miami to use "military concepts" in making PacTel's marketers more aggressive. "There are so many of us, we're always bumping into each other," says one consultant.

Is this any way to run a telephone company? Opinions differ, but PacTel's infatuation with consultants is certainly a lot more common than Bluhdorn's aversion to them. Executives at big companies everywhere can't pay the bills, hire employees, reorganize, launch new products or plot strategy without outside help.

Consultants have become the shamans of U.S. business—and they don't hesitate to sell themselves as such. A shaman will threaten the tribe: Unless I do my dance, the rains won't come. John Hartshorne, executive director of the Institute of Management Consultants, sounds positively shamanistic when he says, "If you could erase all the corrective processes that management consultants have set into motion over the past three decades, the U.S. economy would collapse."

There are no precise figures, but the best estimate is that U.S. business spends as much as $3 billion a year to avert this threatened collapse. That is up from $1 billion a decade ago, and the number doesn't include specialized technical and engineering work. Nearly all Forbes 500s companies call in general management consultants at least once every 12 months. Over one-third ask for help more than four times annually.

Answering these calls for help keeps nearly 60,000 full-time consultants busy. At the top end, the industry supports full-service giants like Arthur D. Little, Booz, Allen & Hamilton, and McKinsey & Co., each of which has offices nationwide and more than 1,000 employees. Nearly every big accounting firm has a consulting subsidiary, too, but a good part of the business remains cottage industry. There are thousands of one- or two-man firms that often do very well for themselves with only a handful of customers.

Don't think consulting is always bad. A small industrial company may be better off asking for help in selling its one consumer product than in hiring a full-time marketing director. Even General Motors may need assistance in specialized areas, such as managing its real estate. But problems can develop when outsiders get too involved in a company's basic business. GM, in short, should know all there is to know about cars.

Asking for advice from outside experts, of course, is nothing new. Lawyers and doctors have been giving it for centuries. Governments have been seeking it, too, at least since the days when Franklin D. Roosevelt loosed a flood of Harvard professors on the ailing economy.

In business, consulting dates from

the Twenties, when Frederick Taylor's time and motion studies became popular. His disciples acquired a terrible image as industrial spies, masters of the speedup. But respectability came during World War II, when consultants helped mobilize private industry to serve the military. Then, in the Fifties and Sixties, U.S. business was booming and experienced managers were in short supply. Need a marketing man fast? Call a consultant.

The world was changing, and the field took on added dimension: "Strategic" consulting blossomed. Managers began getting help not just in narrow, technical areas but at the very heart of their business. Once industry acquired the habit of seeking outside advice, the habit fed on itself and became unkickable. Today there are companies that won't make a move without hiring consultants.

Who and what is a consultant? The only real qualification is having a client willing to pay for advice. "Anybody without a job and with $6.99 can buy 100 calling cards and go into the business," says Joseph Brady, president of the Association of Management Consulting Firms.

In another sense, consulting resembles psychoanalysis. It can become indispensable to the patient and last a lifetime. Once on the couch, some companies can't get off. Observers report that it is common for up to 80% of a firm's revenues to come from the same clients. A single project, carried out to the customer's satisfaction, almost inevitably leads to another. Staffers at Chicago-based Alexander Proudfoot, for example, say they have handled 46 assignments for one corporation during the past decade.

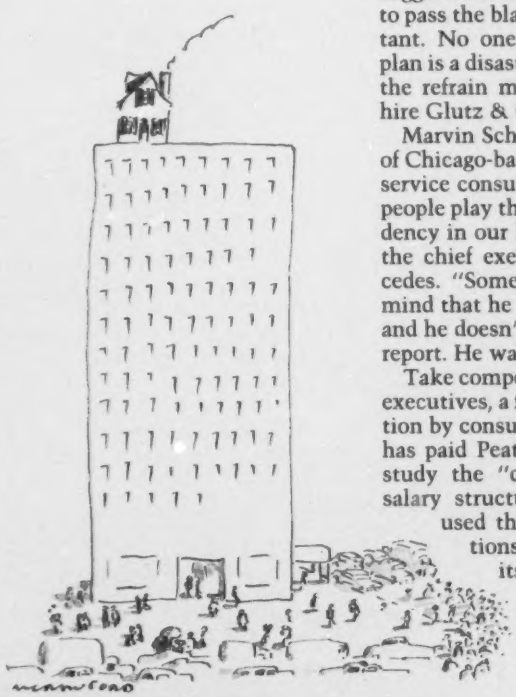
This means that many actions announced as internal corporate decisions are based almost entirely on a consultant's report. Talk to consultants in private, and a sense of their influence emerges. One New York City expert in corporate organization proudly shows a visitor seven pages in the annual report of a multibillion-dollar corporation. The text describes a major restructuring for which the consultant claims credit, but his name is never mentioned.

"Whenever I read the *Wall Street Journal*'s 'Who's News' column, I ask, 'Gee, which consultant did that?' " says George Whitmore, who recently merged his consulting business with the accounting firm Main Hurdman. "I know damn well there's a consultant behind lots of high-level management changes."

Has American management become so paralyzed that the bosses spend much of their time choosing consultants to make decisions for them? Things aren't that bad, of course, but an outsider could be forgiven for coming to that conclusion.

No wonder so many business school students want to become consultants. How else can a young, inexperienced generalist rub shoulders with top management and get the thrill of wielding influence at a large corporation? It doesn't hurt that starting salaries can reach $70,000. This explains why consulting has long been the most popular career choice of Harvard Business School graduates.

What do all these smart young people contribute? "Some projects are difficult or impossible to do inside because the company might lack expertise in them," says Dick Paget, a founder of Cresap, McCormick & Paget. "When a company wants an outside, objective opinion, it should call in a consultant. We wouldn't be used by management as often as we are if we didn't contribute something."



Perhaps. But the problem is that the consultant may be getting paid to do what good managers ought to do on their own. George Labovitz, a Boston University professor of management whose consulting firm has worked for Ingersoll-Rand and other top companies, is unusually candid. "Here's the secret of consulting," he explains. "We go in and ask everybody what's wrong with his office, or his plant or his company, and we write down everything they say. Then we ask, 'How would you fix it?' We come back to Boston, type up all our notes and hand them back to the client."

No question: Much of what passes for consulting really is telling executives what they could find out on their own if they bothered to ask. But outside recommendations come in a bound report with a six-figure price tag. This carries more weight than arguments like "We're buying the new word processing system because the folks in the typing pool say we need it."

The principle of self-preservation is often at work, too. If a consultant's suggestions don't work out, it's easy to pass the blame along to the consultant. No one says, "The marketing plan is a disaster, fire Smith." Instead, the refrain merely becomes, "Never hire Glutz & Co. again."

Marvin Schiller, managing director of Chicago-based A.T. Kearney, a full-service consultant, knows how some people play the game. "There is a tendency in our business to try to make the chief executive happy," he concedes. "Sometimes he has it in his mind that he wants to do something, and he doesn't want to see a negative report. He wants support."

Take compensation plans for senior executives, a favorite topic for evaluation by consultants. For years Texaco has paid Peat, Marwick, Mitchell to study the "competitiveness" of its salary structure. The company has used the outside recommendations as a basis for providing its executives with more money and fringe benefits. Not surprisingly, Peat Marwick continues to review that area. Kind of like finding a doctor who will tell you that it's okay to overeat and that martinis are good for you.

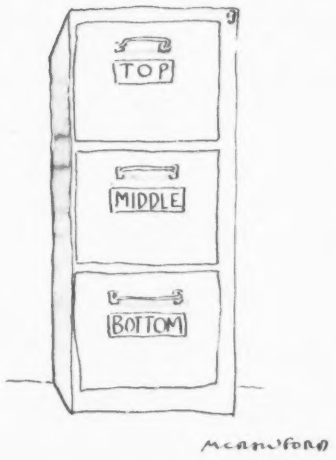
Whatever their real roles, it is clear that consultants are becoming more influential. But because of the secrecy that shrouds much of what they do, their effect is impossible to measure. What is apparent from interviews with scores of consultants, however, is that they make mistakes, sometimes big ones. Nearly every consultant will tell you about the time he was called in to help clean up a mess

"We go in and ask everybody what's wrong. . . . We come back to Boston, type up our notes and give them to the client."

caused by another consultant. "When you start out, you don't really know the company, and you may not even know the industry," says a former McKinsey man. "You're basically learning from the client, but you don't want him to know it."

Sometimes a consultant can make a bad situation worse. Two great American companies that got into deep trouble in recent years are A&P and International Harvester. Both were heavy and habitual users of consultants. Booz, Allen & Hamilton recruited Jonathan Scott to A&P in 1974 and Archie McCardell to International Harvester in 1977. Scott immediately began implementing a five-year recovery program based on a Booz, Allen study that reportedly cost $1 million. McCardell inherited a huge Booz, Allen-engineered reorganization that was the capstone of former President Brooks McCormick's effort to rejuvenate IH.

Let's take A&P first. The Booz plan recommended the closing of selected stores, a strategy that in retrospect was less radical than needed. In some areas the move left A&P too thin, and it worsened the food chain's labor problems. A&P had to transfer its oldest, most expensive and least productive employees to the stores that remained open. At Booz' urging, however, Scott also decentralized and apparently spent $20 million a year on a burdensome layer of bureaucracy that was later abandoned.



Clearly, the five-year plan was a failure. And by 1977 Booz was out. But relying on consultants is addictive. Enter McKinsey & Co., forced on Scott by A&P's board. More than a year and $1 million later, its report called for large-scale retrenchment, including the elimination of whole divisions. Losses, however, were growing, and a majority interest in A&P was soon acquired by a German food chain. New management rejected the McKinsey strategy and formulated its own austerity program.

A&P earned $13.1 million in the first quarter of fiscal 1983, the best results in more than a decade. Today the company seldom uses consultants. Booz and McKinsey, citing professional ethics, decline to comment.

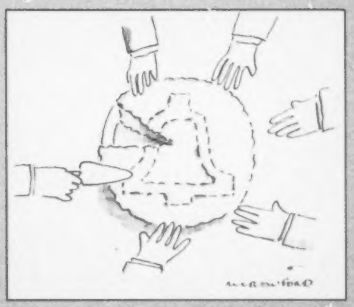
Consultants didn't help much at International Harvester, either. When Brooks McCormick brought in Booz in 1976 the IH assignment was one of the most important consulting contracts ever. Booz helped set up a decentralized structure in which each of IH's five businesses was independent, with its own president and staff. Corporate officers merely allocated capital among the subsidiaries. But two things went wrong: There was so much shifting of executives that it took years for the dust to settle, and the planners failed to appreciate that IH was operating in four capital-intensive businesses it could not financially support.

After McCardell succeeded McCormick he ended up abandoning the Booz reorganization. Alexander Proudfoot, meanwhile, had been plugging away on 17 cost reduction and inventory control projects at IH plants. Billings probably totaled $20 million over a 20-year period.

IH still had problems, however, so McCardell went back to Booz in 1981

We got our jobs through the Justice Department

Consultants, like most everyone, were pinched by the recession. But for them the recovery has an extra boost—the AT&T divestiture.



It created seven soon-to-be-independent regional holding companies, run by chief executives who never expected such radical change and aren't sure how to react. That means consultants' telephones are ringing off the hook. "The potential is staggering," says Philip Doherty, senior vice president of Theodore Barry & Associates. "These people are looking for anyone with a good idea," adds John Gaulding, senior vice president of Management Analysis Center.

Telephone companies are asking for help with everything from organizational studies to long-range planning. Michigan Bell brought in McKinsey & Co. to help develop marketing strategy. Executives at New York Telephone Co. and New England Telephone & Telegraph Co. hired Lippincott & Margulies to help them choose a corporate name. These name-change geniuses pondered deeply for almost five months and came up with a monstrosity—NYNEX Corp.

Many consultants, however, don't limit their AT&T business merely to one client. Touche Ross does work for six of the seven of the new holding companies, while Gaulding's Management Analysis Center works for three of the operating companies. One of the greatest beneficiaries is Booz, Allen & Hamilton. It has several AT&T projects in the works and has helped the telephone company plan divestiture and other strategy. Total fees from 1980 to 1982: $9.6 million.—J.A.B.

for a study to present to the company's creditors. Booz reportedly concluded that Harvester would turn a profit in 1982 and post significantly higher earnings in 1983. Instead, the company lost $1.6 billion in 1982, and McCardell was ousted. Now IH effectively has a ban on strategic planning consultants.

But not all consulting errors come at struggling companies. Consider what happened at Texas Instruments. In the early Seventies it called on the Boston Consulting Group, and later Bain & Co., a BCG offshoot, both of which created a corporate fad out of something called the experience curve. What's that? Simply the observation that manufacturing costs decline as a company gains production experience. BCG, however, carried such logic further and reasoned that gaining this cost advantage justifies pricing below cost early in a product cycle to become the market leader.

TI embraced this buy-your-way-into-new-products theory to enter the consumer electronics business. Unfortunately the firm didn't become a market leader. Instead it lost money—first in digital watches, then in hand-held calculators, now in home computers. After a decade of trying and a billion dollars in consumer sales, TI has yet to turn a profit. Now the company officially cites as its key problem "shortcomings in the strategic structure," a structure consultants helped create.

Difficult situations like these led to the latest wrinkle in the consulting relationship—suits that amount to malpractice litigation. In 1978 USM Corp., a division of Emhart, called on Arthur D. Little Systems, an ADL subsidiary, to computerize its inventory control and billing procedures. "They made a mess of the job, said they could do no more and walked out," complains Tom Bleasdale, an Emhart vice president. He claims the resulting problems took four years to resolve, and Emhart is now suing ADL for $12 million in treble damages. "We think the claims are grossly excessive and unjustified," says a spokesman for ADL, whose lawyers are hoping to settle.

Consultants, obviously, can trot out success stories. In 1976 Temple, Barker & Sloane, a Lexington, Mass. firm, did a $500,000 study for Natomas. The corporation considered getting rid of its ho-hum American President Lines, but the TBS team recommended new management and sweeping structural changes.

They worked—and American President, which earned $43 million last

Who gives the most advice

These are the nation's largest consulting firms. With the exception of McKinsey and A.T. Kearney, most began as technicians or specialists. But they now get much of their revenue from giving general management advice.

Company	1982 consulting revenues (millions)
Arthur Andersen & Co* (Chicago)	$218
Booz, Allen & Hamilton Inc* (New York)	210
McKinsey & Co, Inc (New York)	145
Arthur D Little, Inc* (Cambridge, Mass.)	141
William M Mercer, Inc* (New York)	120
Towers, Perrin, Forster & Crosby* (New York)	120
Peat, Marwick, Mitchell & Co (New York)	112
Ernst & Whinney (Cleveland)	85
Coopers & Lybrand (New York)	79
American Management Systems, Inc* (Arlington, Va)	65
The Hay Group* (Philadelphia)	60
The Reliance Consulting Group, Inc* (New York)	59
Price Waterhouse (New York)	57
Hewitt Associates* (Lincolnshire, Ill)	54
The Boston Consulting Group, Inc (Boston)	50
SRI International (Menlo Park, Calif)	50
Touche Ross & Co (New York)	49
Arthur Young & Co (New York)	49
AT Kearney, Inc (Chicago)	46
Science Management Corp* (Bridgewater, NJ)	46

*Includes revenues from specialized, technical and/or nonmanagement consulting services.
Source: Consultants News, *Fitzwilliam, NH*

Consultants are far from infallible. . . . As much as 80% of the work that passes for consulting today is either mediocre or poor.

year, has made more money in the past 3 years than it did in the previous 30. The consultants did well, too. Temple, Barker & Sloane still counts American President Lines as a valued client, and its total fees to date come to $4 million.

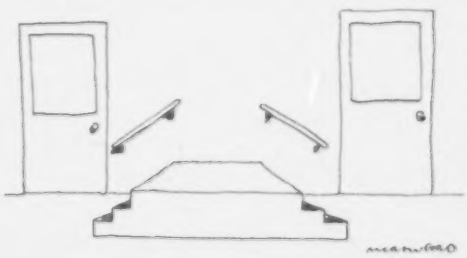
But why couldn't Natomas executives come to this commonsense decision on their own? That's the real issue here. Was there such a disagreement in the company that it required outsiders to resolve it?

In American capitalism, ownership and control are already widely separated. Adolph Berle and Gardiner Means wrote a classic analysis of this division in 1933. One result is an emphasis on short-term gains by top executives who have only a few years to go before retirement. Now, with the increasing importance of consultants, there is a further separation. The people with the responsiblity for the decisions don't necessarily make them.

This may be wonderfully consoling for lots of top managers. But it can lead to a clear abdication of their responsibility. Simply put, there is no firm evidence that tapping outside experts improves corporate decision making. As the A&P and IH cases show, consultants are not infallible.

Carl Sloane, president of Temple, Barker & Sloane, estimates that as much as 80% of the work that passes for consulting today is either mediocre or poor. Arthur Turner, a Harvard Business School professor, agrees. Much of what companies spend on consulting, he says, "pays for impractical data and poorly implemented recommendations."

That's why some businessmen work to keep their distance from consultants. American Home Products, IBM and Hewlett-Packard, for example, are known for solving problems internally. "In a sense, consultants are an opening of the window to let in some fresh air," says former Du Pont Chairman Irving Shapiro. "But your own organization has to come up with the solutions. The implementation has to be done in-house, too. You really can't turn that over to outsiders." Yet in many cases that is precisely what management does.



Peter Drucker, the author and business philosopher, does a good deal of consulting. Yet he maintains that ad hoc corporate task forces are often a better way of solving problems than calling in consultants. Peter Minnock-Stewart, head of the consulting firm Intellectics SMB, tries to help management get at the facts. "But when it comes to decision making," he explains, "a chief executive has to learn where the buck stops. If a consultant does his job right, his usefulness usually diminishes."

It is possible to make use of consultants without abdicating responsibility to them. This is especially true in highly technical matters, such as when a bank, whose executives are chiefly financial men, finds that it must learn something about marketing. But learning is one thing, dependence is another.

When Fred Borch, then General Electric's chairman, set up the company's strategic planning department in the early 1970s, he called on both McKinsey and the Boston Consulting Group. "Since strategic planning was in its infancy, it was helpful to have their views," recalls Reginald Jones, Borch's successor. But GE didn't do what either firm recommended, relying instead on a joint proposal that involved internal managers. It's no accident that GE is considered one of the better-run companies in the U.S.

Akio Morita, the management genius behind Sony, feels the overuse of consultants is a major weakness of U.S. management. He may be right. In Japan, consultants, like lawyers, play a minor role in corporate life. "Using consultants for every strategic decision is a bad mark on chief executives," concludes Richard Hamermesh, who teaches business policy at Harvard. "These guys get paid a fortune, and then they go outside and pay a fortune for help."

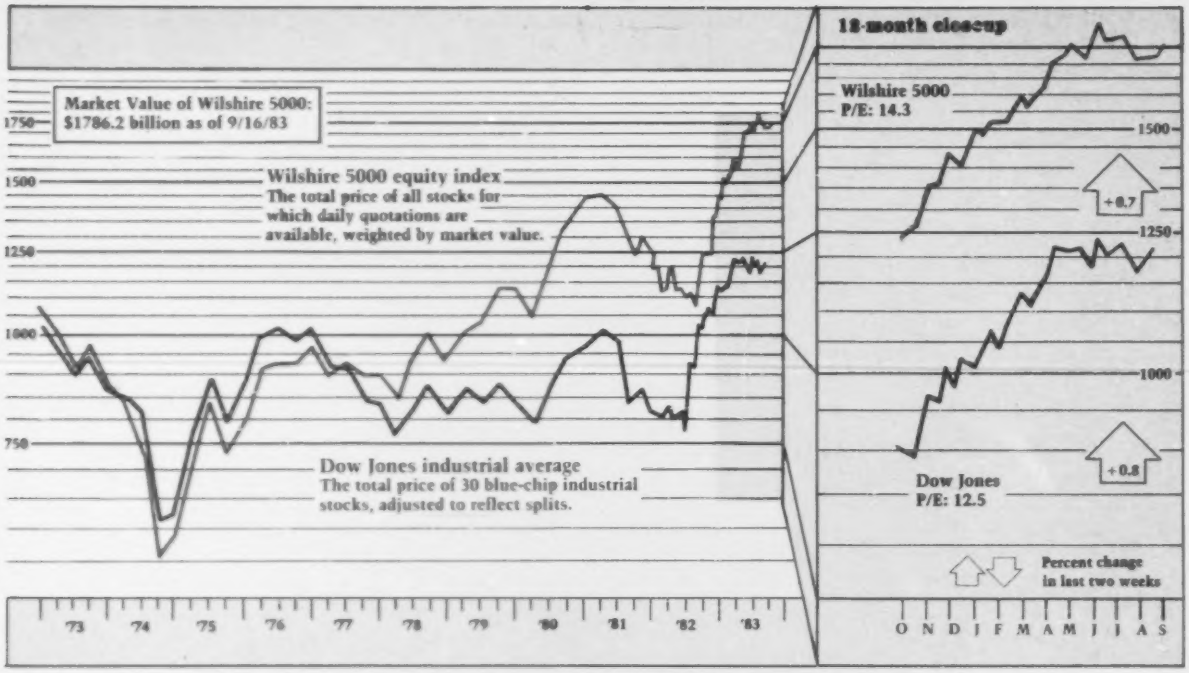
Maybe the Securities & Exchange Commission ought to require companies to disclose how much they spend each year on consultants and what kind of information they get. Stockholders could then weigh this against the level of executive salaries and compare both with profits and come to an intelligent decision about what kind of value they are getting from their well-paid top brass. ■

Who calls consultants?

Nearly all of the Forbes 500s companies use consultants at least once a year, while over one-third bring them in four times or more annually. Some businessmen, of course, ask for outside help even more often. Others, like William Coors, chairman of Adolph Coors Co., take the opposite position. "We'd rather make our own mistakes," he once snapped. Here is a glimpse of corporations on both sides of the spectrum, assembled from interviews with consultants, executives and others.

Heavy users	Near abstainers
Allied Corp	American Home Products
American Express	Citicorp
AT&T	Eastman Kodak
Baxter Travenol Laboratories	General Electric
CBS	Genuine Parts
Emerson Electric	Gulf & Western
Manufacturers Hanover	Hewlett-Packard
Monsanto	IBM
Norton Simon	Textron

The Forbes/Wilshire 5000 Review



Buying time. Blue chips fared better than secondary stocks, but that isn't saying much. Over the last two weeks the Dow industrials flirted with a new alltime high and ended the period eking out a 0.8% gain. The broader NYSE did only marginally better, with a 0.9% upward move. But the Amex and NASDAQ just squeezed into positive territory: The Amex added 0.2% and the NASDAQ 0.1%. For the four-week period Amex issues advanced 0.8%, while the NASDAQ average was off 0.3%. During this same time the Dow registered a 2.6% gain and the NYSE was up 1.3%. The Wilshire index was up 1.2%.

But gains of the big capitalization stocks—which pushed up the capitalization-weighted NYSE and Wilshire indexes—are not representative of what was happening in the overall market. The yardstick measurements below, for example, show that shares in large companies advanced 2.0%, while shares in small companies declined 1.1% over the four-week period.

The yardstick data also indicate that speculators may be moving onto the sidelines. In the last four weeks high-yield issues advanced 2.2%, while stocks that pay no dividends gained only 0.5%. At the same time, however, the price-to-earnings multiples on the Wilshire index and the Dow show minor gains.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.2	1.4	2.6	1.3	0.8	–0.3
in last 52 weeks	40.3	34.5	33.7	36.7	61.1	59.8

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	2.0	–1.1	–0.7	0.8	–0.4	1.3	2.2	0.5	–0.6	1.9	1.5	–1.7
in last 52 weeks	41.7	133.5	119.6	50.9	86.1	124.3	44.7	124.7	139.6	50.2	54.0	123.3

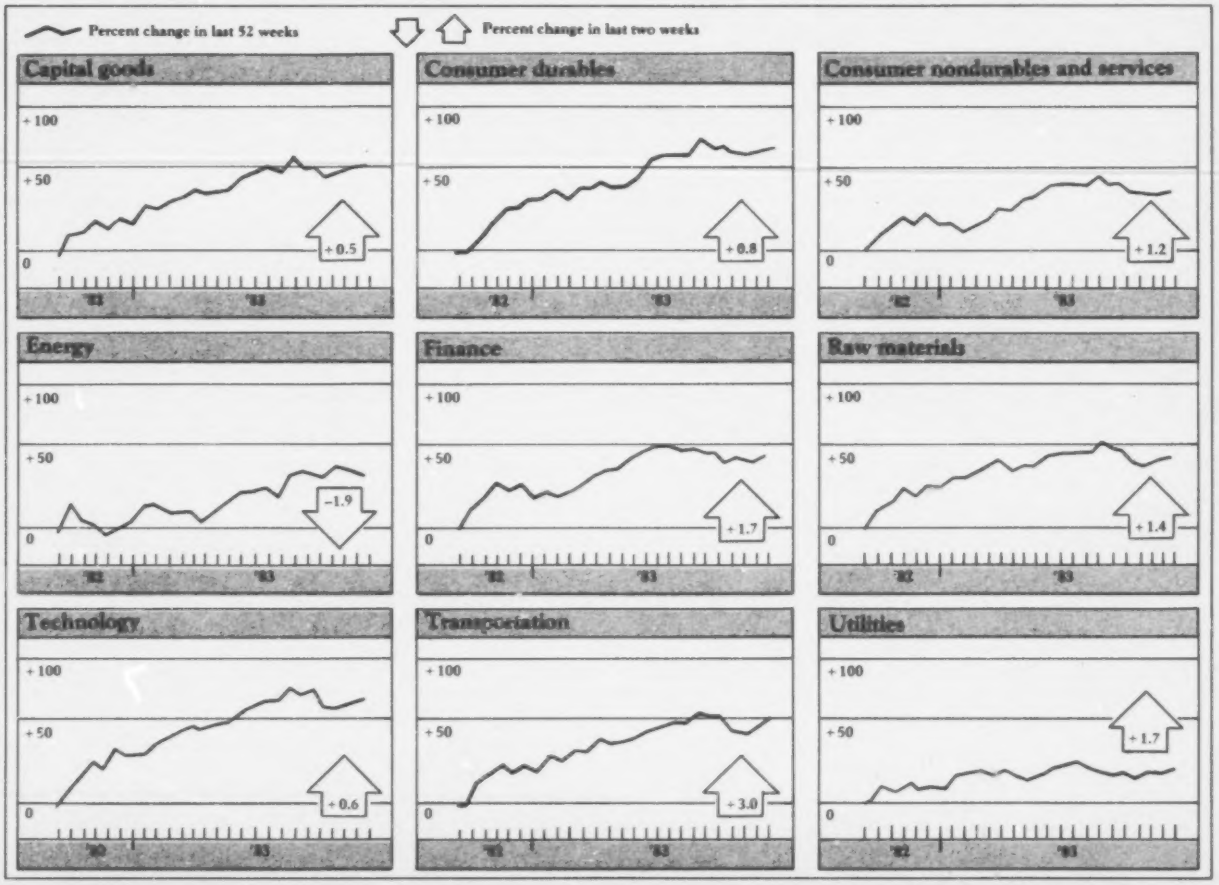
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 9/16/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

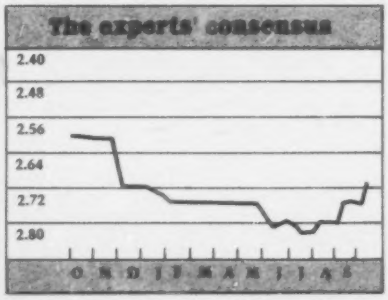
The end of an oil streak? Early this year many energy stocks looked like fundamental bargains. Investors responded by jumping into energy shares, which put this sector on a strong upward trek from late March until mid-August. But energy stocks lost their momentum in recent weeks: Energy was the poorest-performing group during the two- and four-week periods. The oils now lag all groups other than utilities for 52-week performance.

Transportation, up 3%, and utilities and finance, both up 1.7%, outperformed the overall market during the last two weeks. While most brokerage stocks were weak, the large banks helped to keep the finance sector in positive territory. Raw materials, boosted by expectations of increases in commodity prices, were also top performers.



What The Analysts Think

Analysts see bulls. The experts' consensus moved further into the "buy" zone. All groups, except for transportation, show improvement in analysts' opinions. In addition, there were several changes in rankings. Raw materials moved up to second place, and capital goods advanced to third. But transportation and energy slipped.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.41	1	1
2	Raw materials	2.64	3	3
3	Capital goods	2.71	6	6
4	Transportation	2.71	2	2
5	Finance	2.73	5	5
6	Energy	2.74	4	4
7	Technology	2.77	7	7
8	Consumer nondurables	2.78	8	8
9	Consumer durables	2.81	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 9/16/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Supermarket chains, up 123% since the start of 1981, led the market out of its doldrums. How long will they stay in front?

Shopping the grocery stocks

By Steve Kichen

THIS PLACE must be making money hand over fist" is a common checkout-line grumble. The truth, however, is very different. Supermarkets manage only paper-thin margins. They handle massive amounts of inventory and must deal with spoilage, pilferage and high overhead. Price wars are a regular occurrence, and lately—intensified by high unemployment—they have made life even tougher.

Now the good news: People still eat, regardless of economic conditions. That means well-managed, innovative supermarket firms can make acceptable returns, sometimes handsome profits, selling groceries. Chains that offer one-stop shopping can also compensate for the lower profit margins on general food items by selling a wide range of nonfood goods.

Geography is important, too. Stores situated in faster-growing regions have a better base than outfits with their operations focused in depressed sections of the Midwest. And with a more affluent clientele, a company can capitalize on the demand for higher-margin gourmet and precooked foods. Size is another factor: The larger firms are better positioned to enjoy economies of scale and maintain centralized, efficient warehouses.

The result is that well-run supermarkets can be among the first businesses the economy pulls out of a recession. After all, when Dad is recalled by the factory, the family is more likely to celebrate by switching from hamburger to steak or from generics to name brands than by rushing out to the local Ford dealer. This recovery is no different. While Media General's supermarket index is up 123% since the start of 1981, a number of companies have done much better. Borman's, for example, went from 3⅜ to 8⅝, a 156% gain. And A&P is up 155%.

How are the stocks valued right now? The accompanying table lists 50 supermarket and convenience food chains. Note that the average P/E multiple is 10.6. This compares with a current market multiple of 14.3. Pantry Pride, a survivor of the Food Fair bankruptcy, is the priciest of the group, at almost 56 times earnings. It trades with Wall Street's filet mignon because of juicy loss carryforwards. But it's unusual. Low P/E leaders include Borman's, with principal markets in the Midwest and a multiple of 5.4, and King Kullen, with stores on Long Island and a multiple of 5.1. King Kullen has been buying back its shares and is attempting to go private (FORBES, *Sept. 26, 1983*).

In a market where even the most forlorn industrial company is likely to be selling at or above book value, 13 of the companies on our table are priced below book. King Kullen, for example—for every dollar you pay for its stock, you receive $1.53 in book value. Perhaps that is one of the reasons Mutual Shares, a mutual fund specializing in undervalued situations, owns more than 10% of its stock.

Part of the reason supermarket stocks may be undervalued is low

Stroll down these aisles

There are few explosive growth situations among the supermarket and convenience chains listed below. But sharp-eyed investors looking for modest, but steady, growth have lots to choose from.

Ex	Company	Principal service area	Sales (mil)	Recent price	Latest 12-month earnings amount	Latest 12-month earnings % change 12 mos	P/E	Return on equity	Book value/ share	5-year growth rate earnings	5-year growth rate sales
n	Albertson's	West, South	$3,940.1	25	$1.99	14%	12.6	17.2%	$10.44	12%	15%
p	Allied Sprmkts	Midwest	575.7	3¾	0.26	–46	14.4	10.4	7.44	–28	–3
n	American Stores	NE, W, MW, SW	7,507.8	38¾	3.11	37	12.5	19.0	16.16	24	62
o	Arden Group	West, NW	494.1	7	0.66	–11	10.6	7.6	12.54	50	3
o	AJ Bayless Mkts	Arizona	383.8	17½	1.88	–13	9.3	8.9	25.05	–4	10
a	Big V Sprmkts	NY	516.9	14½	1.51	–1	9.6	20.1	7.98	16	15
n	Borman's	Midwest	1,000.9	8⅜	1.59	623	5.4	13.9	12.41	NA	7
o	Bruno's	Alabama	605.2	18¼	0.90	20	20.1	21.9	3.90	26	15
a	Circle K	West, NW	762.8	21	1.52	NM	13.8	NM	5.53	NM	17
o	CONNA	US	229.8	14	0.08	–94	NM	13.3	9.40	–14	50

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter. p: Philadelphia Stock Exchange.
NA: Not available, not applicable. NM: Not meaningful.

Source: William O'Neil & Co.

Statistical Spotlight

visibility on Wall Street. Despite the sales volumes of many of these chains—19 of the firms on our list have revenues of more than $1 billion a year—supermarket stocks are not covered by many analysts. Nash Finch Co. is an extreme example. This Minnesota-based retailer and wholesaler had sales of $1.1 billion in 1982 and is on the Forbes Sales 500. Yet it earned a NASDAQ listing only a few months ago. In fact, the limited exposure of many of these stocks probably means that our list contains an above-average number of special opportunities.

Remember, however, that many of these stocks are far from pure supermarket plays. Arden Group, for example, runs the Mayfair supermarket chain in the West and Northwest, but it also produces, leases and sells facsimile equipment. And Southland, which operates a nationwide chain of 7-Eleven convenience stores, recently acquired oil refining and marketing assets of Cities Service Co. from Occidental Petroleum.

One supermarket chain on analysts' current buy lists is Albertson's. It is among the nation's more aggressive food retailers and also among the largest. Albertson's is a favorite of Merrill Lynch analyst George Quint, who is also partial to Kroger, another big chain. Quint advises investors to avoid "smaller operators of supermarkets not big enough to offer one-stop shopping and not small enough to be convenience stores."

That's a point worth remembering. In the grocery business, every penny counts. Stores that can afford checkout scanners, computerized inventory control, energy-efficient freezers, slick remodeling and attractive promotions have an obvious edge on the competition. ■

Stroll down these aisles

Ex	Company	Principal service area	Sales (mil)	Recent price	Latest 12-month earnings amount	Latest 12-month earnings % change 12 mos	P/E	Return on equity	Book value/ share	5-year growth rate earnings	5-year growth rate sales
o	Cullum Cos	Tex, MW, Calif	$1,127.0	34¼	$3.38	6%	10.3	17.2%	$18.56	13%	12%
t	Dominion Stores	Canada	1,957.2	17½	1.09	–42	16.1	5.6	27.17	–9	2
o	Farm Fresh Inc.	Virginia	265.0	18¾	0.75	29	25.0	26.0	2.27	42	24
o	Fst Ntl Sprmkts	NY, Ohio, NEng	1,267.6	20	2.78	71	7.2	17.1	15.98	30	10
n	Fisher Foods	Midwest	524.0	11	–0.66	NM	NM	NM	15.19	NM	–16
o	Food Lion	Mid-Atlantic	947.0	23¼	0.95	22	24.5	22.4	3.74	23	31
a	Foodarama Sprmkts	NE	426.0	9¾	0.40	–42	24.4	3.8	16.32	NM	3
n	General Host	South, SW	526.7	18½	1.96	NA	9.4	15.0	7.77	NM	–6
a	Giant Food	DC, Mid-Atlantic	1,852.0	20½	2.62	60	7.8	23.0	11.02	22	15
o	Godfrey Co	Wisconsin	485.7	12	1.15	–30	10.4	7.8	16.71	–5	11
n	Grt Atl & Pac Tea	US, Canada	4,607.8	13⅜	0.65	NM	20.6	6.5	8.81	NM	–8
n	Jewel Cos	US	5,571.7	50⅛	6.62	–1	7.6	15.3	49.53	22	13
o	King Kullen Groc	New York	428.1	26¼	5.13	209	5.1	8.7	40.05	5	11
n	Kroger	Midwest, S, W	11,902.0	36¾	4.27	–8	8.6	16.5	29.32	13	12
o	Lil' Champ Fd Strs	NE, Florida	63.5	29½	1.74	25	17.0	15.8	8.43	19	24
t	Loblaw Cos	Can, MW, NE	5,053.9	10⅛	0.93	13	10.9	12.8	5.87	25	10
n	Lucky Stores	West, MW, S	7,973.0	23	2.26	40	10.2	17.0	10.73	2	14
o	Marsh Sprmkts	Midwest	567.0	17¼	1.26	–46	13.7	10.4	11.88	10	10
o	Mayfair Sprmkts	New Jersey	319.5	18	2.92	65	6.2	39.1	5.45	236	12
a	Mott's Sprmkts	Connecticut	293.9	12⅞	1.07	–36	12.0	11.6	10.75	9	12
n	Munford	South	372.6	19½	2.07	16	9.4	14.5	15.76	78	9
o	Nash Finch	Midwest, West	1,120.2	29½	3.66	20	8.1	13.3	26.46	5	10
n	National Cn Strs	South, SW	617.4	26⅞	1.40	9	19.2	20.2	6.07	18	23
n	Pantry Pride	South	945.8	6⅛	0.11	NM	55.7	12.2	2.78	NM	–16
a	Penn Traffic	Mid-Atlantic	462.4	24⅛	2.67	36	9.0	6.2	22.98	–8	9
n	Pueblo Intl	Puerto Rico; V Is	505.9	9⅝	0.54	–28	17.8	6.1	10.55	–7	14
a	Ruddick	NC, SC	521.8	23⅜	2.67	34	8.8	12.8	20.71	10	8
n	Safeway Stores	US, Can, Eur, Aus	17,633.0	24½	3.09	33	7.9	14.0	19.80	1	9
o	Seaway Fd Town	Ohio, Michigan	455.4	12	1.82	–2	6.6	11.3	16.49	2	13
o	Shop & Go	Florida, Georgia	170.7	11½	0.99	9	11.6	22.6	4.04	23	21
a	Shopwell	NY, Conn	477.1	23¾	2.23	–15	10.7	18.4	14.08	53	15
n	Southland	US	6,756.9	42⅝	2.88	4	14.8	15.4	19.48	11	22
n	Stop & Shop Cos	NE, NEng	2,341.9	54⅛	3.94	31	13.8	19.2	17.70	24	8
n	Sprmkts General	NE, NEng	3,247.3	25	2.27	0	11.0	18.3	11.81	17	13
a	Thriftimart	California	503.0	45⅜	5.13	–1	8.8	8.8	64.46	3	9
o	Victory Mkts	New York	322.7	19	1.95	61	9.7	17.8	10.06	26	9
o	Village Sprmkts	NJ, Penna	304.0	18	2.77	20	6.5	12.2	22.77	10	11
o	Waldbaum	NY, Conn, Mass	1,491.4	20½	3.30	36	6.2	16.6	18.87	24	12
n	Weis Markets	NE, Mid-Atlantic	812.2	34½	2.24	14	15.4	17.6	11.88	15	12
n	Winn-Dixie	South, SW	6,764.5	56¼	4.55	9	12.5	19.5	23.20	8	11

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter. p: Philadelphia Stock Exchange. t: Toronto Stock Exchange.
NA: Not available, not applicable. NM: Not meaningful.
Source: William O'Neil & Co.

Soybean bulls will take nice vacations this winter because the Midwest experienced a devastating summer drought. It may not be too late for you to join them.

MEAL TICKET

By Stanley W. Angrist

The excitement in the commodity market during this past summer has come from the corn and soybean pits. Since the first week in July corn has risen more than $1 per bushel, while beans are up more than $3. The bulls' fondest dreams were turned into reality by the two-month-long drought that struck most of the Midwest.

The price increases were justified, based on what has happened to the corn and bean crops now in the process of being harvested. On Sept. 12 the U.S. Department of Agriculture released a report based on the condition of the crop in mid-August, which revealed the extent of the devastation. The corn harvest is now estimated to be 4.4 billion bushels, compared with the 5.2 billion forecast in the mid-July USDA report. The estimated soybean harvest is expected to be 1.53 billion bushels, down from the 1.8 billion predicted earlier.

Let's take a closer look at the expected soybean crop. (Note that unless there is an early frost the mid-August report should be fairly close to the actual crop size.) The soybean crop year starts on Sept. 1. The expected carry-in this year was 450 million bushels. With a crop of 1.53 billion bushels, supply this year will be 1.98 billion bushels. If one allows for a minimum carryover next year of 150 million bushels and a seed use of 90 million bushels, that leaves 1.74 billion bushels available for crushing and export. These numbers will force a rationing of about 13% from the slack demand of the 1982-83 crop year. A U.S. soybean crop of 1.53 billion bushels would indicate a 1983-84 world soybean production of 73 million tonnes, off 23% from the previous season.

The soybean market has reacted to these bullish numbers as expected. The dramatic runup in prices in July and early August was followed by an extremely choppy market in the latter part of August. Is there any money that can still be made in the bean or bean-products markets? I, for one, have no stomach for the extreme volatility recently witnessed in these markets. However, I believe there are a couple of relatively low-risk spread trades that have considerable profit potential.

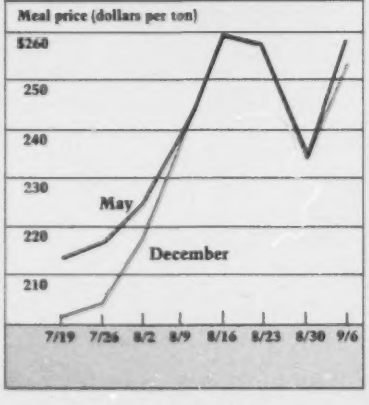
Consider the spread of long December/short May soybean meal. This trade has been unusually reliable *(see table)*. It has shown a profit in bear market years such as 1977, 1979 and 1981. It has also produced a profit in modest bull market years such as 1976 and 1978. Note well, however, that the spread failed miserably in two years with very strong bull markets—1974 and 1980. Therefore, prudent traders placing this trade should give it fairly close attention, as it has the potential to take you to the cleaners.

I would try to buy the December meal with at least a 300-point discount to the May contract. I would look for a profit of about $600 per spread, and I would risk no more than that amount on each spread. The margin on this spread is typically $500, with the round-turn commission about $80. ■

Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

The spread

In mid-July, May meal carried a $10-per-ton premium to the December contract. The drought persisted, sending bean prices nearly straight up; the nearby December contract climbed relative to May. Historical evidence says that December will continue to gain on May.



Mealtime?

The spread of long December meal against short May meal has been an unusually reliable one. In 13 seasons it has yielded 10 potentially profitable trades. The prices shown are the average dollar difference for May minus December meal for the week shown. The profit or loss is in dollars per spread.

Dec. contract	——Week ended—— 9/30	11/25	potential p or (l)
1970	–0.47	–0.87	$ 40
1971	1.76	2.76	(93)
1972	1.85	–7.15	820
1973	–1.86	–4.63	277
1974	11.68	20.60	(900)
1975	7.88	1.72	616
1976	4.28	–0.90	518
1977	9.76	5.65	411
1978	4.42	2.15	227
1979	9.04	5.25	379
1980	7.46	14.34	(688)
1981	17.86	11.36	658
1982	9.00	1.78	722

Source: Shearson/American Express.

Special Issue Fall 1983 $4.00

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THE FORBES FOUR HUNDRED 1983 EDITION

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The Forbes Four Hundred

Forbes

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Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year. U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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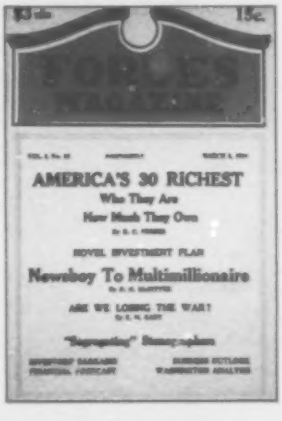
The leading bankers in America have laid their heads together and computed the fortunes of the 30 richest persons in the country. The figures here given are, therefore, the most authoritative ever compiled. The list contains many surprises. The average amount owned is $123 million and the average annual income $6.13 million. Besides giving much other information, this article answers the query, "Who are the 10 persons who paid taxes on $5 million incomes last year?"

America's 30 richest own $3.68 billion

Rockefeller heads list with $1.2 billion
Mrs. Harriman wealthiest woman
Frick ahead of Carnegie

Some weeks after we published our first Four Hundred issue, we were shocked, and then pleased, to discover that founder B.C. Forbes had beat us to the idea by 64 years. His roster, appearing in the Mar. 2, 1918 issue, presented the nation's then 30 richest. Many of the names therein are now a part of American heritage—Rockefeller, Frick, Carnegie, Vanderbilt—but many are less known, such as Baker and Lewis. The list unaccountably left out the Mellon family. Without modern-day disclosure laws (the SEC was not founded until 1934), we can appreciate the enormity of B.C.'s task. Reprinted here is the original 1918 list and the feature that accompanied it. Following that we examine the paths each fortune took. Some empires have been dismantled, in whole or in part, for charitable purposes. Some have been split up among so many heirs that there is really no current fortune to speak of. Several fortunes have passed into the hands of current Four Hundred members, proving once and for all that "shirt-sleeves to shirt-sleeves in three generations" need not always apply.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AMERICA'S 30 RICHEST
Who They Are
How Much They Own
NOVEL INVESTMENT PLAN
Newsboy To Multimillionaire
ARE WE LOSING THE WAR?

By B.C. Forbes

Who are the 30 richest persons in America?

This article gives answer. It embodies, not any guess of mine, but the consensus of opinion among the foremost bankers in the country. This can be accepted, therefore, as the most authoritative compilation ever made on this subject.

The combined fortunes of the 30 richest total $3.68 billion.

The average individual fortune is $122.67 million. Not one of the 30 has less than $50 million.

The total annual income of the 30 is figured at $184 million, of which John D. Rockefeller's share is computed at $60 million, or almost half as much as the other 29 put together.

The average income of these multimillionaires is $6.13 million. The smallest income is estimated at $2.5 million a year.

Three women among richest Americans

There are three women on the list, Mrs. E.H. Harriman with $80 million (the richest woman in the country), Mrs. Russell Sage with $60 million and Mrs. Lawrence Lewis with $50 million, the last-named sum having descended from Henry H. Flagler of Standard Oil and Florida railroad fame.

The aggregate amount of money in circulation in the U.S. is less than $5 billion. If the 30 could turn their wealth into cash, they could absorb more than two-thirds of all the money in the country.

That is a sensational and somewhat misleading way of expressing it. The total wealth of the U.S. is now reckoned at almost $250 billion, so that the 30 richest control less than one-seventieth of it. The 30, however, exercise more

than one-seventieth of the financial power of the U.S., although they are far from being able to carry out arbitrarily many of the things alleged by demagogues and believed by many of the public.

Seventy years ago a pamphlet published in New York put the number of millionaires in the Metropolis at only 19. Only John Jacob Astor pulled in a million a year then; his wealth was estimated at $25 million, mostly, of course, in real estate. Stephen Whitney was credited with $10 million, garnered from liquor, cotton and real estate. William B. Astor, son of John Jacob, had $5 million, Peter G. Stuyvesant, $4 million, and James Lenox, of library fame, $3 million. Last year 206 Americans pleaded guilty to having *annual incomes* of $1 million or more—and paid income taxes on them.

Annual incomes of $5 million

The latest income tax returns revealed the fact that ten persons in the U.S. confessed to an income of over $5 million for the year. There has been keen speculation as to the identity of the ten. The following list probably is not more than one name out of line:

John D. Rockefeller,
H.C. Frick,
Henry Ford,
Charles M. Schwab,
Andrew Carnegie,
George F. Baker,
William Rockefeller,
Edward S. Harkness,
J. Ogden Armour,
Pierre S. du Pont.

These, however, are not the ten richest individuals in the country. The table accompanying this article shows at a glance the estimated amounts owned by each of the 30 richest, together with a computation of the annual income based on a 5% income rate. The table also gives the source of each fortune.

This compilation of America's 30 richest contains quite a number of surprises. Some of the names and some of the amounts will astound the public.

John D. Rockefeller's fortune passed the billion-dollar mark, I am told, three or four years ago, at the time Standard Oil Securities more than doubled the price ruling before the dissolution of the Oil Trust. He is now credited with $1.2 billion. His income is estimated to work out at $2,739,726.02 a day, $114,155.25 an hour, $1,902.58 a minute and $31.70 a second.

The worst sentence Mr. Rockefeller could receive would be: "Count one year's income in $5 gold pieces." It would kill him.

Mr. Rockefeller's wealth, if it could be turned into cash and distributed equally—which it couldn't—would give every man, woman and child in the U.S. $10 each. His total equals approximately one-fourth of all the money in circulation in the country.

Frick is second-richest American

Nine persons in every ten, if asked, "Who do you think is the second-richest man in America?" would instantly reply, "Andrew Carnegie." They would be wrong, according to our best-posted bankers.

H.C. Frick, the coke king and steel magnate, is rated above Carnegie, his wealth being computed at $225 mil-

Our 30 richest Americans

	Estimated fortune (millions)	Yearly income (millions)	Chief source
John D. Rockefeller	$1,200	$60	oil
H.C. Frick	225	11.25	coke, steel
Andrew Carnegie	200	10	steel
George F. Baker	150	7.5	banking
William Rockefeller	150	7.5	oil, railroads
Edward S. Harkness	125	6.25	oil
J. Odgen Armour	125	6.25	packing
Henry Ford	100	5	automobiles
W.K. Vanderbilt	100	5	railroads
Ed. H.R. Green	100	5	banking
Mrs. E.H. Harriman	80	4	railroads
Vincent Astor	75	3.75	real estate
James Stillman	70	3.5	cotton, banking
Thomas F. Ryan	70	3.5	tractions [transit], tobacco
Daniel Guggenheim	70	3.5	mining, smelting
Charles M. Schwab	70	3.5	steel
J.P. Morgan	70	3.5	banking
Mrs. Russell Sage	60	3	banking
Cyrus H. McCormick	60	3	farm machinery
Joseph Widener	60	3	tractions [transit]
Arthur Curtis James	60	3	mining, railroads
Nicholas F. Brady	60	3	tractions [transit]
Jacob H. Schiff	50	2.5	banking
James B. Duke	50	2.5	tobacco
George Eastman	50	2.5	cameras
Pierre S. du Pont	50	2.5	powder
Louis F. Swift	50	2.5	packing
Julius Rosenwald	50	2.5	mail orders
Mrs. Lawrence Lewis	50	2.5	oil
Henry Phipps	50	2.5	steel
Total	$3.68 billion	$184 million	

Sources of America's 30 greatest fortunes

The following table shows the chief sources of America's 30 largest fortunes, aggregating $3.68 billion.

Banking	5
Oil	4
Tractions [transit]	3
Steel	3
Railroads	2
Packing	2
Mining	2
Automobiles	1
Cotton	1
Cameras	1
Coke	1
Tobacco	1
Powder	1
Mail orders	1
Real estate	1
Farm machinery	1

lion, yielding him an income of $11.25 million. You don't hear much about Mr. Frick, notwithstanding his extraordinary ability and his gigantic business interests. He is the Pittsburgher, some of the public may recall, who volunteered to pay the children and other members of a Christmas Club who lost their all through the failure of an important bank just before a recent Christmas. He does little things like that quite often. Also, he thinks nothing of paying half-a-million for a painting. Since J.P. Morgan died, Mr. Frick has been the best customer of the art dealers.

How did he make his $225 million?

He had only a common school education where he was born, at West Overton, Penna. But he had lots of grit. Like John D. Rockefeller and Andrew Carnegie, he early sought opportunity to start business on his own account. Before he was of age he organized "Frick & Co., coke manufacturers." He prospered, and ten years later formed the famous H.C. Frick Coke Co., a veritable gold mine, of which he is still chairman. Carnegie's steel operations needed the coke Frick controlled, and a generation ago Frick joined forces with Carnegie. In his early 30s, Mr. Frick had an income of a million a year. He is a power in the Pennsylvania, the Reading and the Chicago & Northwestern railroads, in the U.S. Steel Corp. and in various financial institutions. Nowadays he works less and plays more.

Carnegie comes next

There is more divergence of opinion concerning Carnegie's wealth than that of any other man in America. In certain circles it is affirmed that, although he has given away gifts approaching $200 million, he still retains more than that amount. Yet one of his most intimate associates assured me some time ago that the aged steel master had given away all but a fraction of his fortune. The records do not bear out this contention, however, although the author of the *Gospel of Wealth* many years ago laid down the dictum, "He who dies thus rich, dies disgraced." Unless the bankers are very far wrong in their calculations, the little Scotsman is in danger of dying disgraced, for they still believe that he owns something like $200 million.

George F. Baker and William Rockefeller are bracketed for the fourth and fifth places on the list, with $150 million each. Baker is even less known to the public than Frick. He is the worst sphinx the financial world has ever known. Not even his own relatives know anything of his early career. I know of only one man who says he has details of Baker's experiences when young, and this man does not propose to publish the facts until Mr. Baker has gone. You have never once seen George F. Baker quoted in the newspapers. His aversion to being interviewed is deeper than the Atlantic. He never speaks in public. Only once has he been dragged into the limelight—by the Pujo "Money Trust Investigation Committee." He then told a simple, straightforward story of his activities and declared he would gladly withdraw from most of his 57 directorships if his colleagues would let him. He added that he had never sought a single directorship.

Mr. Baker was one of the late J.P. Morgan's closest chums and associates. Each valued the other's judgment. J.P. wanted Baker on the board of every company he formed or financed. As head of the First National Bank and of the First Security Co., Mr. Baker was and is a power in the banking and investment fields. He became a director in more large enterprises than any other man in America. He is classed as one of the ablest judges of securities in Wall Street. Those nearest him put his fortune at $150 million or more. He is 78 but is still active—both in the financial district and on the golf links. His son George F. Baker Jr. is becoming an important force in the financial world.

Of William Rockefeller little need be said, as his activities have been similar to those of his older brother. He began as a bookkeeper, soon obtained an interest in a produce commission firm, later joined the oil concern of which John D. was a partner, and afterwards organized William Rockefeller & Co., which became an important part of the Standard Oil Co. He has held as many as 50 directorships in railroads, industrial companies, banks, etc. His son, Percy A., is now coming prominently to the front as a daring promoter and upbuilder of large enterprises, particularly those stimulated by the paralysis produced in certain industries by the war.

Fortunes from staple products

How would you like to be left $85 million? Something like that sum fell into the lap of Edward S. Harkness not so long ago. His brother, Charles W. Harkness, two years ago bequeathed half of his fortune, estimated at $170 million, to Edward. The Harknesses were, next to the Rockefellers, the largest holders of Standard Oil stocks. Mr. Harkness has never appeared in the limelight. He is a director in only one or two companies and is not active in large financial affairs. Another brother, Lamon, who died in California several years ago, also left about $170 million. While Edward's fortune cannot be gauged at all exactly, bankers declare he will now be able to write his name for at least $125 million. One of the younger generation of Harknesses is of a different stamp and often figures in the newspapers as a sport devotee.

Another $125 million Croesus, according to financial experts, is J. Ogden Armour. Although the profit of Armour & Co. last year on each dollar's worth of food products handled was less than 2¼ cents, the concern's net profits for the year exceeded $20 million. When Ogden Armour was a young man, his father had misgivings regarding the fate of his gigantic organization after he passed away; but Armour & Co. now does six times the business done when the famous founder of the enterprise died. The total turnover last year approached $600 million. There are few more enterprising business leaders in America than J. Ogden Armour. Incidentally, his wealth has not turned his head.

Three names come under the $100 million class, Henry Ford, W.K. Vanderbilt and Colonel Ed. H.R. Green, the son of Hetty Green.

Henry Ford's $100 million

Henry Ford's is a fortune which even the most rabid socialist will admit has been made honestly. His income last year probably exceeded $25 million. There is a touch of irony in the circumstance that this man who belittles money and its place in life should be accumulating it faster than almost any other person in America with the exception of John D. Rockefeller. Mr. Ford's career is too well known to call for recapitulation.

Colonel Green's $100 million was, of course, left him almost in its entirety by his mother, whose total fortune reached that round figure. She left nothing to charity, only $5,000 to each of three friends, $3.5 million to her daughter, and almost everything else to her only son. Colonel Green has not yet become a dominating power in the financial world, notwithstanding his enormous interests. The Green fortune was scraped together by Hetty's ultra-frugal mode of living, her shrewd real estate operations and her cautious banking activities.

Commodore Vanderbilt's enormous fortune has been well split up during the last two generations. William K., however, is stated by the best judges to possess about $100 million. His income of $5 million a year, however, apparently has not made him exuberantly happy. It was this member of the Vanderbilt family who was quoted three or four years ago as snapping at the ship news reporters on his arrival from Europe: "I am disgusted with everything." Incidentally, the only Vanderbilt who is a familiar and busy figure in the financial district is young Cornelius—"Colonel" Vanderbilt now. It was he who was cut off with a paltry million, but financiers declare that had Cornelius been a poor boy he could still have made his mark.

Edward H. Harriman left one of the shortest wills and one of the largest fortunes in America's history. The railroad magnate in about a dozen words bequeathed everything he had to his wife. His fortune exceeded $70 million, and it is a fair estimate that the $80 million mark has since been reached, as Mrs. Harriman lives in a quiet, unextravagant way and her investments are ably handled. Practically the entire Harriman fortune was made during the last dozen years of the railroad wizard's life.

Vincent Astor is put down as worth $75 million. This is the only fortune in the whole list made practically entirely from real estate. Since his ascendancy to the head of the Astor family, this young man has deported himself creditably. He has been in service abroad for months, as an ensign. His affairs are well managed.

Five pay income tax on $70 million

Five Americans have fortunes estimated at $70 million—James Stillman, Thomas F. Ryan, Daniel Guggenheim, Charles M. Schwab and J.P. Morgan.

James Stillman is the largest stockholder in the National City Bank. His father was a successful cotton merchant, and Mr. Stillman followed in his footsteps. He made several millions in the cotton business before he took up banking. It was through his titanic energy that the City Bank won first place among national institutions in the U.S. Mr. Stillman for years has spent half his time in Europe. He is closely related to the Rockefellers.

The humble job of a dry goods clerk in Baltimore did not suit Thomas Fortune Ryan, so he migrated to Wall Street. He made enough to buy a seat on the New York Stock Exchange more than 40 years ago. The Street has known few speculators as daring and as successful financially as Ryan. He took to consolidating street railway and lighting properties in the early days. His activities were not confined to New York; he put through big deals in Chicago and other American cities. He later entered the tobacco field and became a power behind the American Tobacco throne. In his spare moments he picked up control of the Equitable Life Assurance Society, which he subsequently sold to J.P. Morgan. Also, Mr. Ryan contrived to become kingpin in New York's entire subway, street railway and other railway systems. His worth is here put down as $70 million, but some say he owns much more. He is not especially popular in the financial world.

206 have $1 million a year

The income tax returns for last year show that 206 individuals had incomes of over $1 million; 10 had over $5 million each. A total of 429,401 paid income taxes, the smallest income taxed having been $3,000. The following table gives details:

Income	No. persons paying
$3,000 to $4,000	85,122
$4,000 to $5,000	72,027
$5,000 to $10,000	150,551
$10,000 to $25,000	30,882
$25,000 to $50,000	23,734
$50,000 to $100,000	10,452
$100,000 to $200,000	4,184
$200,000 to $300,000	1,153
$300,000 to $1 million	1,085
$1 million to $5 million	196
$5 million and over	10

Guggenheims are second-richest family

"The Guggenheim family is the second-richest in America," said a well-informed financier in a position to talk. The father of the "seven brothers" left several millions, made chiefly in mining and smelting, and no family has done more in that wide field—indeed, one of their companies is referred to as the "smelting trust." Not content with doing big things at home, they are exploring a colossal copper property in Chile, destined, Wall Street believes, to become a fabulously prolific producer. Daniel Guggenheim, the head of the family, is calculated to be worth upwards of $70 million—and is growing richer by the minute owing to the cleverness with which the Guggenheim activities are directed.

Mr. Schwab was offered $100 million when the war began for his interest in the Bethlehem Steel Corp. He patriotically refused to let control of America's Krupps pass into alien hands—a step which events have since proved would have meant incalculable damage to this country's interests. A dozen years ago both Bethlehem Steel and Mr. Schwab were struggling hard to make ends meet. He had to sign personally every note the company issued, so doubtful was its credit regarded in those days. Bethlehem Steel was steadily forging ahead before the war began. Later its common shares rose from $40 to $700. Mr. Schwab's wealth is believed to stand at about $70 million at the present time. He is a conspicuous instance of a self-made man.

Mr. Morgan, on the other hand, picked his father well. The original J.P. left his son about $50 million, but this total has been enormously swelled during the last three and a half years through the Morgan firm's activities as fiscal agents for the Allies until America entered the war. Morgan & Co. received a commission of 1% and all ex-

penses on purchases made here, and their total profits from this source probably have been in the neighborhood of $40, so that it is now estimated Mr. Morgan is worth $70 million.

A few possessors of $60 million

In the $60 million class are Mrs. Russell Sage, Cyrus H. McCormick, Joseph Widener, Arthur Curtis James and Nicholas F. Brady.

"Uncle" Russell Sage left well over $60 million, every cent going to his wife who, he pathetically stated in his will, was "temperamentally" better fitted than he had been to dispose of the money. She has given away not a few millions and, unfortunately, some of her investments are understood to have turned out badly, so that her total wealth today is probably somewhat less than it originally was. The Russell Sage fortune came chiefly from money-lending in Wall Street—and by inordinate niggardliness in the matter of spending.

Part of Cyrus H. McCormick's wealth was also inherited from the fine old American citizen of the same name, the inventor of the reaper. The son has greatly increased his patrimony and has also been the foremost figure in developing the great International Harvester Co. of which he is president. When the war ceases, the European demand for American reapers doubtless will be overwhelming, so that the McCormick fortune may continue to grow.

Both the Widener and the Brady money has come chiefly from tractions [transit]. P.A. Widener of Philadelphia left some $60 million, although his heir, Joseph, was not given an entirely free hand with all this sum.

Inherited, not earned, riches also constituted the bulk of Nicholas F. Brady's $60 million bank account. His father, Anthony N. Brady, mixed politics and franchises so adroitly that he rolled up scores of millions. The son is by no means a cipher; he is, among lots of other things, chairman of the Brooklyn Rapid Transit, president of the New York Edison Co., director of many corporations and a member of the leading engineering associations. He is only 40.

Mining and railroading have yielded the bulk of the $60 million credited to Mr. James, of the old established firm of Phelps, Dodge & Co., the members of which have been prominent from time to time in public affairs.

Schiff in the $50 million class

The eight remaining names on the list, each having $50 million, are Jacob H. Schiff, James B. Duke, George Eastman, Pierre S. du Pont, Lewis F. Swift, Julius Rosenwald, Mrs. Lawrence Lewis and Henry Phipps.

Although Mr. Schiff spends almost as much time giving away money as in making it, his international banking firm, Kuhn, Loeb & Co., has been so extraordinarily successful that his wealth is believed to be not far short of $50 million. Mr. Schiff married a daughter of Solomon Loeb, then senior partner of the house, even then a very prominent one. Under Mr. Schiff it has prospered exceedingly. Millions were made in financing Union Pacific when Harriman took hold of it.

"Duke's Mixture" and other blends of tobacco—blended with brains—have netted J.B. Duke his $50 million. He is a shining example of a self-made man, his early days having been characterized by poverty and incessant toil. When the "tobacco trust" was dissolved he betook himself to Europe and became the dominating tobacco figure in the Old World. He is again a resident of New York.

Kodaks, films and other summer vacation accessories have "taken" half a hundred millions of dollars of the world's wealth for George Eastman. It has really been printers' ink, however, which has done the trick; advertising has put a Kodak in nearly everyone's pocket. He was first an amateur photographer like the rest of us. But that is about as far as the analogy goes. He perfected the process for making dry plates and in his early 20s began to manufacture them. He is one of the few bachelors in this list.

Had General T. Coleman du Pont not sold out his powder stocks just after the European pandemonium began, his name would have figured in this table instead of his brother's, Pierre S. du Pont. The General sold out for a beggarly $20 million. Today he could have got nearer $100 million. Pierre is estimated to be worth at least $50 million, and if the world does not shortly stop quarreling, he will gallop toward the Rockefeller class. Powder has made several generations of du Pont de Nemours unconsciously rich. To fit in with democracy, the "de Nemours" brought over by the French baron was dropped years ago.

Swift Co. second in business volume

Next to the Steel Trust, the largest business done by any concern in America last year was, so far as known, that of Swift & Co. Its turnover reached $875 million, or $3 million every business day of the year. The present head of this vast enterprise, Louis F. Swift, is put down for $50 million, which would seem to be a conservative estimate. The company's profits last year alone were $34 million.

There is no more picturesque career in this enumeration than that of Julius Rosenwald. He had some dealings with a small Chicago firm that was selling goods by mail. They owed him some money and he took an interest in the business. He became the creator of the mail-order business as now understood and is today the king of that vast field. He has been described as "the brainiest man in Chicago." His management of Sears, Roebuck & Co. has been original, daring—and enormously profitable.

Mrs. Lawrence Lewis is a name entirely unknown by the general public. Henry M. Flagler left an estate valued at $75 million, the bulk of it going to his widow, who, in turn, left most of it to her niece, Mrs. Lewis of Cincinnati. The Flagler fortune was made in Standard Oil, and a large part of it was later spent in building his Florida railroad.

After a spell as an office boy, Henry Phipps rose quickly in the Pittsburgh business scale. He became agent for the Du Pont Powder Co. and later switched to iron and steel. Everything he touched turned to gold. He became one of the "Carnegie millionaires." Of late years he has traveled much and given away lots of money.

A trifle of $10 million each

There are quite a number of men possessing smaller fortunes who, nevertheless, are rolling up incomes of several million dollars per annum. In the automobile field, for example, both John N. Willys, of the Willys-Overland, and William C. Durant, of General Motors, are undoubtedly earning several millions a year. One shipping man, entirely unknown to the public, has made at least $10 million in the last three years. Men like Eugene G. Grace, president of Bethlehem Steel, Irving T. Bush, of Bush Terminal fame, Thomas E. Wilson, the packer, Wrigley, the chewing gum manufacturer, William H. Nichols, head of the General Chemical Co., H.P. Davison, of Morgan & Co., Otto H. Kahn, of Kuhn, Loeb & Co., Frank A. Vanderlip, of the National City Bank, Percy A. Rockefeller, Albert H. Wiggin, of the Chase National Bank, Frederic Straus, of Seligman & Co., W.E. Corey and J. Leonard Replogle, of the steel industry, and some of the leaders in the munitions and chemical industries also are now enjoying very large incomes.

Very, very few of our largest men are young. There may be hope, therefore, for the rest of us! ■

Aftermath

Where 1918's great fortunes went

John Davison Rockefeller

Oil. NYC and Tarrytown, N.Y. 1839-1937. Married, 4 children. At 19 borrowed $1,000 from father to go into produce business. Became silent partner Andrews, Clark & Co. oil refinery in 1864. Formed Standard Oil 1866 and bought out or ruined other refineries to create Standard Oil Trust 1882. Amassed estimated $900 million fortune at time of Supreme Court-ordered dissolution 1911. At family estate (Pocantico Hills) moved railroads and rearranged hills to suit the view ("An example of what God could do if only he'd had the money"). Gave away an estimated $500 million during lifetime. Established Rockefeller Foundation, General Education Board, Laura Spelman Rockefeller Memorial and Rockefeller Institute for Medical Research, etc. Left net estate of $26.4 million, most of his property having passed to son, John D. Jr., long before his death *(see numerous descendants among The Forbes Four Hundred).*

J.D. Rockefeller

Henry Clay Frick

Frick

Steel. Pittsburgh. 1849-1919. Married, 2 children. Worked in uncle's store for board and place to sleep on the counter. Got into coke manufacturing with Andrew Carnegie and soon dominated industry. Broke bloody Homestead Strike in 1892. Built Fifth Avenue mansion and filled it with Turners, Van Dykes, Rembrandts, Fragonards, Watteaus and Bouchers. At home frequently found seated on Renaissance throne listening to "Silver Threads Among the Gold" or "The Rosary" played on splendid organ. Donated mansion and $15 million endowment for upkeep to NYC. Left bulk of his estate to 2 children. Childs Frick, a paleontologist, who died in 1965, passed his portion of estate to three surviving children, of whom 2—Henry Clay Frick II and Mrs. J. Fife Symington—are still alive. Henry's daughter, Helen Clay Frick, is 94, unmarried and living in Pittsburgh *(see p. 142).*

Andrew Carnegie

Steel. Pittsburgh. 1835-1919. Married, 1 daughter. Emigrated from Scotland at 13. Became bobbin boy, telegrapher, investor, finally steel magnate. In 1868 wrote: "33 and an income of $50,000 per annum—be-

Carnegie

yond this never earn. Cast aside business forever, except for others." Sold interest Carnegie & Co. to J.P. Morgan to form basis for U.S. Steel, 1901, for $492 million. Built 28,000-acre Scotland estate for family, otherwise lived simply. Gave estimated $350 million to numerous philanthropies, notably Carnegie Foundation, Carnegie Institute, Carnegie Libraries. Left a modest $23 million estate, the bulk to his wife (for whom he had previously established trust). At her death in 1946 all her property passed to daughter, Margaret Carnegie Miller, 86, of Fairfield, Conn.

George Fisher Baker

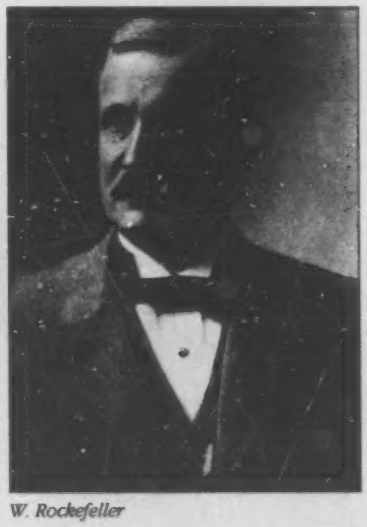
Banker. New York City. 1840-1931. Married, 3 children. Left school at age 15, got job in State Banking Dept., Albany, registering bank notes. Hired as cashier by John Thompson, shady note broker in-

Baker

strumental in getting currency nationalized, 1863. Sold government bonds during Civil War; bought out Thompson after the Panic of 1873. Became president First National Bank of N.Y. and "simply wrote up the industrial development of the U.S." Known as "Sphinx of Wall Street." Philanthropies, $22 million total: Baker's Field to Columbia, all buildings for the Graduate School of Business Administration at Harvard, large grants to New York Hospital. Left $5 million each to his 2 daughters, the bulk of his $73 million fortune (down from $200 million prior to Crash of '29) to only son, George F. Jr., who died aboard yacht 6 years later. Junior Baker set up $15 million foundation, passed the rest ($45 million) to 2 sons, 2 daughters. Son Grenville died childless in 1949 of gunshot wounds on the family's Florida estate. Son George F. III committed suicide on the same estate 1977, left 5 children as heirs. Daughter Edith, who married a grandson of Jacob Schiff, died 1975, leaving two sons. Daughter Florence Martineau, 71, of Washington, Conn., still living.

William Rockefeller

Oil. NYC and Tarrytown, N.Y. 1841-1922. Married, 6 children (2 died young). Jovial younger brother of Standard Oil founder John D. Rockefeller. Began work as bookkeeper, then as partner in produce commission trade; later joined his brother in oil business. Popular member of the "Standard Oil gang" and president of Standard Oil of N.Y. until Supreme Court ordered its dissolution in 1911. Descendants are now centered in Greenwich, Conn. 2 sons married daughters of banker James Stillman; 1 daughter married the heir to the Remington Arms fortune, Marcellus Hartley Dodge; another daughter wed D.H. McAlpin (hotelier).



W. Rockefeller

Like his friend Stillman, Rockefeller left his $50 million estate in the form of 4 trusts, with income to go to children and grandchildren, and with principal to be divided among more than 50 great-grandchildren. *(See heirs of William Rockefeller, p. 155.)*

Edward Stephen Harkness

Inheritance. NYC. 1874-1940. Married, no children. Father Stephen was Standard Oil partner. Inherited also from brother Charles, who died childless in 1916. Director of

Harkness

Southern Pacific, New York Central railroad lines. Golfer, yachtsman. Donated over $100 million to charity during lifetime. Left widow Mary Stillman Harkness the residual income from $55 million estate. After her death (1954), half was distributed to Commonwealth Fund, one-fourth to Presbyterian Hospital (NYC) and one-fourth to various institutions. Her personal estate of $20 million went to the Commonwealth Fund and the children of 4 residual beneficiaries.

Jonathan Ogden Armour

Meatpacker. Lake Forest, Ill. 1863-1927. Married, 1 daughter. Son of Philip Armour, founder of grain and packing firm Armour & Co. Quit Yale in 1884 to assist in growing business; took over at father's

Armour

death in 1901 and under his leadership expanded from $182 million a year in sales to over $1 billion. At one time said to be among the world's richest men. After WWI suffered losses and made poor investments, including $50 million speculation in German marks. Admitted to losing $1 million a day for 130 days. At death his estate reported to be worth only $20,000. However, widow left $3 million to her daughter, Lolita Mitchell (Mrs. John J.) in 1954.

Henry Ford

Automobile manufacturer. Detroit. 1863-1947. Married, 1 son. Learned machinist's trade, became chief engineer Edison illuminating Co. Organized Ford Motor Co. 1903, be-

Ford

came world's largest automobile manufacturer and an American institution. The Model T appeared in 1908; by 1913 assembly line mass production enabled Ford to sell it for $500. *(For details of fortune and descendants see William Clay Ford, et al., p. 104.)*

William Kissam Vanderbilt

Inheritance. NYC. 1849-1920. Married twice, divorced once, 3 children. Grandson of Commodore Vanderbilt, became family patriarch upon death of older brother Cornelius in 1899. Interests lay outside business: "Willie was the greatest supporter of sport, opera, yachting, racing, art, architecture, coaching and the theater in American social annals." First wife Alva threw party of the millennium in 1883, a fancy dress ball that cost $250,000. Also made social history by forcing daughter Consuelo to marry the Duke of Marlborough. (Vanderbilt money went toward re-

Vanderbilt

furbishing Blenheim, birthplace of Winston Churchill, insuring the comfort of the Dukes of Marlborough to the present day.) Bulk of Vanderbilt's $54.5 million estate was divided between his 2 sons, daughter Consuelo having received $15 million just prior to his death. Son William K. Jr. died 1944, his fortune split among 2 children, 2 stepchildren, 2 grandchildren and a foundation for the upkeep of his Long Island estate, Eagle's Nest, now a museum. Daughter Consuelo died 1965, willed her $1.5 million personal estate and [illegible]% of income from a $2 million [illegible] to oldest granddaughter, small bequests to other grandchildren and nothing to her surviving son, 10th Duke of Marlborough, already recipient of income from at least $15 million in family trusts. Son Harold Stirling died 1968, childless. He donated his parents' mansion, Marble House, to Preservation Society of Newport, the bulk of his estate to Vanderbilt University.

Colonel Edward Howland Robinson Green

Inheritance. NYC. 1868-1936. Married, no children. Son of eccentric Hetty Green, "the witch of Wall Street." Spent childhood in cheap boarding houses because of Hetty's fear of kidnapping and refusal to pay property taxes. As a teenager lost leg through lack of medical attention. Managed Texas railroad

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Green

and capably handled mother's financial empire when her health failed. Married after mother's death in 1916. Made wife sign prenuptial contract, barring her from inheritance. Owned yachts, estates, private airport, radio station, world famous stamp collection and 25 automobiles—one without a gear shift or clutch so that he could drive it himself. His $40 million fortune reverted to his sister, Mrs. Matthew Astor Wilks, a reclusive widow who died in 1951. Combined with her own inheritance the estate totaled $100 million; 75% went to taxes and, as there were no close heirs, the remainder was split into 140 equal parts and parceled out to 63 charities.

Mary Williamson Averell Harriman

Inheritance. New York City. 1851-1932. Married, 6 children. Father William Averell ran Ogdensburg & Lake Champlain Railroad. She married Wall Street financier Edward Henry Harriman 1879 who, through her father, became involved in railroading and by mid-1890s built empire including Union Pacific and Southern Pacific systems. Inherited $69 million at husband's death in 1909. Capably managed business until her sons were old enough to take over. Interested in eugenics, established training school for public service; donated 10,000 acres to New York for Harriman State Park. Divided fortune, among sons W. Averell and Edward Roland, daughters Cornelia, Mary and Carol and a $10 million foundation. All are deceased except for 91-year-old Averell *(see p. 142)*.

Harriman

Vincent Astor

Capitalist. NYC. 1891-1959. Married thrice, divorced twice. No children. Great-great-grandson of John Jacob Astor, the immigrant fur trader whose joking philosophy, "Hold on to the land. Let udders improve," earned him a fortune in real estate. Inherited $87 million from father John Jacob IV, who went down with the *Titanic*. Managed family real estate; sold off notorious slums, known as "Astor Flats," to city. Founded *Today* in 1933 for his friend Raymond Moley, a Roosevelt brain truster. Merged *Today* with *Newsweek* in 1937 and became principal owner (sold in 1961 to Katharine Graham, *see p. 141*). Left estate of $127 million—half to Vincent Astor Foundation and half as residual trust for widow, Brooke, 70ish, of NYC, which, upon her death, will revert to the foundation.

Astor

James Stillman

Merchant, banker. NYC. 1850-1918. Married, 5 children. Forced to abandon medical education to help family business. Cotton commission merchant until retirement in 1890. Became president National City Bank 1891 (now Citicorp). Built up bank's capitalization, gold reserves, making it largest in U.S. Yachtsman, dairy farmer. In later years spent half his time in Europe. Left the income from 2 $3.5 million trust funds to his 2 daughters (married to sons of friend William Rockefeller), split the bulk of his $70 million fortune into 3 trust funds, the income to go first to his 3 sons, James A. (followed father as head of National City Bank), Chauncey (endowed a poetry chair at Harvard) and Ernest (doctor of pulmonary research at Rockefeller Institute), then to their 13 children, several of whom are still alive. The principal to be divided eventually among the sons' numerous grandchildren.

Stillman

Thomas Fortune Ryan

Financier. NYC. 1851-1928. Married twice, 5 children. Started age 21 as "pad shover" (messenger) on Wall Street. Two years later held Exchange seat. Wheeler-dealer; created America's first holding company, Metropolitan Traction, in 1886. Donated $20 million to the Roman Catholic Church. Second marriage at 66 (12 days after death

Ryan

of first wife) caused rift with eldest son, Allan, who termed it "one of the most disrespectful, disgraceful and indecent things I've ever heard of." For that remark Allan inherited only two black-pearl shirt studs from his father's $135 million estate. The estate itself was carved into 54 pieces: 12 went to the widow, Mary Cuyler Ryan; 12 went to each of the two surviving younger sons, John Barry and Clendenin; 8 were put in trust for Allan's 6 children; and 5 more went to the children of each of 2 deceased sons, William Kane and Joseph. Since Ryan's descendants were numerous (son Allan had 6; son John Barry, who wrote poetry under the name Barry Vail, had 15, of which 10 survived; son Clendenin, who committed suicide in 1937, had 4; sons William and Joseph had at least 2 each), inheritance widely dispersed. Today's Ryans, while still wealthy, are no longer considered among the very rich.

Daniel Guggenheim

Capitalist. NYC. 1856-1930. Married, 3 children. One of the 7 Guggenheim brothers who, with father Meyer, made fortune buying mining properties in late 19th century. According to Bernard Baruch, a small man who "sat taller than most men stand." Headed family takeover of American Smelting & Refining 1901; was a founder of Kennecott Copper. Set up $2.5 million fund for promotion of aeronautics, $4 million foundation to provide concerts in NYC's Central Park. At one time thought to be worth $70 million—probably much less by death in 1930. Left 3 children each $2 million (although may have previously provided them with trust funds). Son M. Robert died in 1959. Son Harry, owner of *Newsday*, died 1975; left $12 million to Harry F. Guggenheim Foundation. Daughter Gladys Straus, cofounder of *Gourmet* magazine, died 1980. The next generation includes Roger Straus, founder of publishing

Guggenheim

house Farrar, Straus & Giroux; Florence Hart, whose husband heads Hart Schaffner & Marx. Most of the family is involved with the Daniel & Florence Guggenheim Foundation.

Charles Michael Schwab

Steel. Bethlehem, Penna. and NYC. 1862-1939. Married, no children. Began as stake driver, headed Carnegie Steel by age 35. First president U.S. Steel. Scandalized Andrew Carnegie by gambling at Monte Carlo. At height of career reputed to have $200 million fortune. Spent lavishly on mansions in Loretto, Penna. and NYC; gave generously to family and friends. Spendthrift, died bankrupt. 1943 tax appraisal on estate listed net deficit of $338,349.

Schwab

John Pierpont Morgan Jr.

Inheritance, banking. NYC. 1867-1943. Married, 4 children. Look-alike son of *the* J.P. Morgan, a resemblance that caused some to think the elder had lived to be over 100. Inherited bulk of a $68 million fortune and a $50 million art collection from father. Presided over House of Morgan from 1913 until stripped of power by the Glass-

Morgan

Steagall Act 1933. Shakespearean scholar; Bible quoter; yachtsman. Unpopular for suing to lower taxes by $1 million on his Glen Cove (N.Y.) estate, lamenting "destruction of the leisure class" during Depression. Once thought to be worth $500 million, but sold much of art collection and other valuables during late 1930s to maintain lifestyle. At his death the estate was valued at $16 million, split among 2 sons, Junius Spencer and Henry Sturgis, and 2 daughters, Jane Nichols and Frances Pennoyer (now 86). Fortune has since passed into the hands of the next generation—the 3 children of Junius, 5 sons of Henry, 3 children of Jane and 6 children of Frances—most of whom are active in New York society and involved with the affairs of the John Pierpont Morgan Library.

Margaret Olivia Slocum Sage

Inheritance. NYC. 1828-1918. Married, no children. Raised in genteel poverty by a family whose motto was "Vivit Post Funera Virtus" (virtue outlives the grave). Became a teacher and married capitalist Rus-

Sage

sell Sage. Unable to do much to alter Sage's somewhat uncouth manners, clothes or opinions while he was alive, she lavishly dispensed his $60 million fortune after his death in 1906. Founded Russell Sage College in Troy, N.Y.; set up Sage Foundation for Social Betterment. By her death at age 90 bulk of fortune had been channeled into "good works." Left $8 million to brother, Joseph Jeremiah Slocum, and family, split the remainder up among her favorite charities.

Cyrus Hall McCormick II

Manufacturer. Chicago. 1859-1936. Married twice, 3 children. Son and namesake of the reaping machine inventor. Ran family's McCormick Harvesting Machine Co. after father's death in 1884. Built into International Harvester with 50,000 employees and $400 million in assets at his retirement in 1935. Served as member of special diplo-

McCormick

matic mission to Russia during WWI. After special bequests of $1 million trust fund to each of his 2 sons, McCormick left $35 million fortune in form of a trust: income to be divided among his widow and sons, residual estate to go to any surviving grandchildren or, failing that, to be split among several charities. Son Gordon died in 1967; son Cyrus III, who left a personal estate of $8 million to widow, Florence, died three years later. Both were childless.

Joseph Early Widener

Inheritance. Philadelphia. 1872-1943. Married, 2 children. Father Peter, a butcher who became head of Philadelphia Traction Co., left $100 million trust in 1915 to Joseph and the son and daughter of older brother George, who had drowned on the *Titanic*. Joseph: financier, sportsman; owner Bel-

Widener

mont Park and Hialeah race tracks. Given testimonial dinner in 1931 in which Biltmore ballroom was converted into Belmont Park, complete with turf, straightaway, stalls, gaily painted water buckets and horses. Owned substantial art collection, later donated to National Gallery. Home (Lynnewood Hall) resembled "the U.S. Mint with fountains." At death in 1943, personal fortune of $20 million to $30 million and income from his share of trust passed to son Peter, author of *Without Drums* (about the loneliness and snobbishness of great wealth) and daughter Josephine (Fifi) Bigelow. (Cousins George Widener and Eleanor D[illegible]on, children of drowned broth[illegible], were already sharing income from their half.) It has since passed on to Peter's only son, Peter III, daughter Ella Wetherill and Fifi's daughter Joan. According to terms of will, trust may not be invaded until 21 years after death of George Widener (who died childless in 1971). Sister Eleanor (who died in 1966) left a son and a daughter.

Arthur Curtiss James

James

Capitalist. NYC. 1867-1941. Married, no children. Inherited $26 million from father David Willis James in 1907. After WWI built up rail empire that covered one-quarter of country. Huge gold, silver, copper mine holdings. Yachtsman; once sailed from Sandy Hook, N.J. to Gibraltar in record-breaking 16 days. Died 3 weeks after wife; left no close heirs. Set up estate as James Foundation for period of 25 years, after which fortune was split into 28 shares and distributed among various charities.

Nicholas Frederick Brady

Financier. NYC and Long Island. 1878-1930. Married, no children. Son of Albany tea merchant Anthony Brady, who amassed $100 mil-

Brady

lion worth of electric utilities companies that contributed to the formation of Consolidated Edison. Nicholas shared the bulk of estate with brother James Cox Brady (creator of Maxwell Motor Co., later absorbed into Chrysler Corp.), headed family interests at father's death in 1913. President of New York Edison Co., Brooklyn Rapid Transit Co.; director 50 other companies. Involved with Catholic charities; papal duke. Left his $60 million fortune to his wife, Genevieve, who continued his philanthropic work, later married Ireland's minister to the Vatican, William Babington Macaulay; died 1938. Under terms of her will, estate was split into 100 parts and distributed among various relatives and charities. Largest single bequest was trust composed of 14 parts, whose income went to her husband's nephew James Cox Brady Jr. (d. 1971) and whose principal devolved upon his son, Nicholas F. Brady, now managing director of Dillon, Read & Co.

Jacob Henry Schiff

Schiff

Banker. NYC. 1847-1920. Married, 1 son, 1 daughter. Came to U.S. from Germany at 18. Married daughter of Solomon Loeb. Became partner, later head of Kuhn, Loeb & Co. Backed E.H. Harriman against J.P. Morgan and Jim Hill in battle for Northern Pacific RR. Technically lost, but emerged as major figure among investment bankers. Founded Jewish Theological Seminary and Semitic Museum at Harvard. Will left estimated $50 million estate to 2 children "share and share alike." $9 million personal estate of daughter Frieda Warburg (d. 1958) split into 4 shares: 3 to children Gerald, Edward and Carola Rothschild; 1 to grandchildren Felicia Sarnoff and Jill Maass. Son Mortimer (d. 1931) left $31 million to 2 children. Son John, 79, who married a daughter of banker George Baker, lives in Oyster Bay, N.Y. Daughter Dorothy, 80, owned *New York Post* from 1939 to 1976; sold it for about $30 million.

James Buchanan Duke

Tobacco. Durham, N.C. 1857-1925. Married twice, divorced once, 1 daughter. Poking around in the ruins of his farm after the Civil War, Duke and brother found some to-

Duke

bacco leaves overlooked by the Yankees that, packaged and labelled PRO BONO PUBLICO, became the seeds of American Tobacco Co. Later formed Southern Power & Light Co. and set up $100 million trust fund to create Duke University from existing Trinity College. Fond of writing homilies with a sardonic twist (e.g., "Nothing makes people happier than luxury"). Married for the first time at 48. Left the bulk of his fortune, estimated at $70 million, to his second wife's 13-year-old daughter, Doris Duke *(see p. 105).*

George Eastman

Inventor. Rochester, N.Y. 1854-1932. Bachelor. Amateur photographer who perfected process for making dry plates, went into business. Invented Kodak camera and transparent film, thereby making photography available to masses. Founded Eastman Kodak 1892. Big-game hunter and orchid grower. Donated $75 million to various philanthropies, including Eastman School of Music, Eastman Dental Clinic. Committed suicide, leaving

Eastman

note that read: "My work is done. Why wait?" Bulk of $20 million estate went to further technical education.

Pierre Samuel du Pont II

Manufacturer. Delaware area. 1870-1954. Married, no children. Orphaned at 14 when father Lammot was killed in gunpowder explosion 1884. Oldest of 9, took charge of family. Later bought out other relatives, took over du Pont Corp. Married cousin late in life, childless. Once spent $25,000 to bring single bush to beloved Long-

du Pont

wood Gardens estate: 6 acres glassed-over tropical gardens, 10,000-pipe organ, authentic Norman bell tower, 1,200-seat open-air theater. Now open to public, maintained by $100 million foundation established by him. From his distributions du Pont stock, Christiana Securities, other wealth, flow nu-

merous du Pont family fortunes *(see numerous individual du Ponts, du Pont family and the heirs of Pierre Samuel du Pont).*

Louis-Franklin Swift

Meatpacker. Chicago. 1861-1937. Married, 6 children. Oldest of 10 surviving children of packer Gustavus Swift, who pioneered use of refrigerator car to ship dressed beef across country. Worked his way up

Swift

in family business; became president upon father's death 1903. Increased sales, expanded operations by adding dairy products and poultry, establishing branches across country. Enthusiastic horticulturist, kept Chicago offices supplied with blooms from own gardens. Reputed in 1927 to possess $30 million fortune. Suffered major reverses during Depression; bailed out by siblings. Inventory of Swift's will listed assets of $4 million (only $263,176 in Swift & Co. stock). Bulk of estate passed to surviving children, Louis F. Jr. and Ida May Minotto, and children of a deceased son, Alden Swift.

Julius Rosenwald

Merchant. Chicago. 1862-1932. Married twice, 5 children. Worked in uncles' clothing store before opening his own. Purchased one-third share of small mail order house Sears & Roebuck in 1895, became pres. on Richard Sears' retirement, 1908. Introduced profit-sharing; transformed company into world's largest retail business. Fortune estimated at $750 million. Gave away $63 million before his death—mostly to black and civil rights causes. Set up Starwood Corp. 1929 to handle children's finances and investments. Each

Rosenwald

child's family has an individual account (exception: William Rosenwald, 80, who left Starwood to set up his own family office), but investments are somewhat centralized; highly philanthropic. Starwood holds 15% of Geneve Corp., CATV stations, etc. *(descendants widely dispersed; see family, p. 158).*

Louise Clisby Wise Lewis

Inheritance. Richmond, Va. 1895-1937. Married, 2 children. Supposed beneficiary of her aunt, Mary Lily Kenan Flagler Bingham, third wife of Henry Morrison Flagler, Rockefeller partner and developer of Florida (Florida East Coast Railway and Flagler System hotels).

Lewis

Mary Bingham inherited the bulk of Flagler's $60 million fortune in 1913, married Charles Worth Bingham and died in 1917. Louise Lewis, then 22, was reported by the *New York Times* to be her aunt's principal heir. She was not. Under the terms of the will she received all Mrs. Bingham's personal property in Florida, an income of $200,000 a year until she reached age 40, then $5 million outright. The major beneficiaries were Mrs. Bingham's two sisters: Jesse Kenan Wise (Louise's mother) and Sarah Graham Kenan; also her brother, William R. Kenan Jr. They inherited Flagler holdings in Florida and 40,100 shares of Standard Oil. Elder sister Jesse Wise set up the $18 million Flagler Foundation in 1963, died 1968; her heirs are daughter Louise's children, Lawrence Lewis Jr. and Mary Lewis Wiley, both of Richmond, Va. Sarah Kenan died in 1968; her heirs are 2 nephews, Frank Kenan of Durham, N.C. and James Graham Kenan of Atlanta, Ga. Brother William Kenan headed the Flagler System. He was childless and established a $100 million foundation in his name (d. 1965).

Henry Phipps

Steel. Pittsburgh. 1839-1930. Married, 3 sons, 2 daughters. Childhood neighbor, business associate of Andrew Carnegie, sold out for $50 million. Parsimonious but philanthropic late in life. Established Bessemer Trust for 5 children. Heirs

Phipps

not stingy: once owned one-third of Palm Beach, Fla. Son John S. (Jay, d. 1958), multiplied fortune for five branches. Now split among 200 family members, including 12 surviving grandchildren *(see Phipps family, Howard Phipps Jr., Anne Phipps Sidamon-Eristoff).*

The Forbes Four Hundred

An inquiry into the holders of great wealth in America, with notes on the sources of that wealth, the careers of the people who control it, and its effect on their lives.

By Jay Gissen with Richard Behar
Edited by Harold Seneker
Illustrated by Chas. B. Slackman

One hundred million dollars is no longer enough. That is the first significant fact about the 1983 edition of The Forbes Four Hundred: You now need a solid $125 million to be on it.

A boisterous bull market made the really rich really richer. The Four Hundred gained $26 billion this year—a 28% increase overall—rising to a combined net worth of $118 billion. Individual fortunes rose as much as 441% *(see box, p. 72)*, and in the frenzy of hundreds of new offerings, an obscure Korean immigrant named Kyupin Philip Hwang took public a company named TeleVideo Systems and found himself worth almost $600 million. Said the modest Hwang, who joins our list higher up than any other newcomer, "I can only lose $50 in America because that's what I brought with me." Horatio Alger, say hello to the information age.

A year of additional investigation yielded several dozen secretive superrich who eluded us last year. Greet Jack and Witt Stephens of Little Rock, Ark. You've read about them before in Forbes, but until this year we knew too little about their net worth. They run perhaps the largest investment banking firm off Wall Street. And meet Glenn Nielson. He's a centimillionaire from oil alone, but he is also one of the biggest cable franchisers in Los Angeles. Remember "America's Singing Cowboy"? Orvon Gene Autry is here, worth $130 million. And we belatedly realized Edgar Bronfman has had his U.S. citizenship papers since 1955. The Seagram ruler also has the other necessary qualification: He is worth at least $400 million.

Altogether, 74 of this year's Four Hundred are new to the list.

We found this year's Four Hundred far more willing to talk, yielding insights into both personalities and assets. More than half were at least willing to get on the phone this year. Last year we were often met with hostility or silence, occasionally with threats.

During the livelier conversations we had with The Four Hundred, we solicited their reactions to the first edition *(see p. 8)*, and we asked them how it felt to be so rich. Many of their best responses are within.

The Four Hundred this year are a diverse, impressive group. Almost half come from New York, California or Texas, but the rest are well scattered. Only eight states are not represented. The dominant sources of wealth remain real estate, oil and media properties, but the bull market has brought to The Four Hundred a new bunch of big shareholders at the expense of some slipping oil barons and slow-growing real estate moguls. For a full accounting of

The Forbes Four Hundred

who dropped off from last year's Four Hundred, and why, see page 161.

Of the 15 billionaires—combined wealth over $20 billion—9 amassed their own fortunes. True, leader Gordon Peter Getty and 133 others of The Four Hundred inherited great wealth, but more than half of those actively run some family business and, in most cases, have built it up and greatly increased its worth. Not many of The Four Hundred are idle wealth, and surprisingly few are old money.

This year we were in touch with last year's Four Hundred by mail, asking their views on this and that. We report their responses on page 66. We spent a couple of weeks in perhaps the richest town in America. Our report begins on page 36. Up & Comers, page 194, tells you about some people we think might soon join The Four Hundred. Faces Behind the Figures provides an entertaining array of short profiles on people who come in contact with wealth in business. Among them, a sports car salesman, a caddy master at one of the nation's most exclusive clubs and a chief examiner for the IRS *(page 250)*.

On page 49 we turn to FORBES' founder, B.C. Forbes, who published an impressive study of the 30 wealthiest Americans—65 years ago. We reprint B.C.'s story in its entirety, then briefly track each of those 30 fortunes to the present day.

Taxing Matters tackles the last tax a wealthy individual ever attempts to avoid—the inheritance tax. We also peeked at the wills of some departed Four Hundred members *(page 204)*. Personal Affairs offers a detailed, lively report on philanthropy among the superrich. To what causes do they give money and in what amounts *(page 240)*?

What does it all mean? It was Columbus who, upon viewing a virgin America, wrote, "When there are such lands, there should be profitable things without number."

TALK ABOUT A RETURN ON INVESTMENT

No fewer than 116 members from last year's Four Hundred roster enjoyed at least a 50% increase in their fortunes. While finding further assets was a factor in some cases, the largest cause was the raging bull market that began in August 1982, just as our first "Rich List" went to press.

Since last August, 25 stock fortunes more than doubled, while an additional 35 moved up 50% or more. The most extraordinary gainer is Leslie Wexner (The Limited, Inc.), whose net worth rose 441%, from $100 to $541 million. H. Ross Perot (EDS Corp.), who once lost $1 billion on paper, has gained it all back again. He moves from $325 million to the billionaire class, a 208% rise over 1982. Perhaps the most spectacular story of the year is Sam Walton's, the retailer from Bentonville, Ark. The 41% he controls of Wal-Mart Stores, Inc. jumped 212%, making him the U.S.' second wealthiest individual. An Wang's direct stock in Wang Laboratories rose 172%. That, coupled with a reallocation of his immediate family's shares, makes him worth $1.6 billion.

Privately held fortunes are another breed. Further investigation shed new light on over 40 cases, revealing assets we hadn't known about. For example, Jeno Paulucci's large additional real estate and stock holdings were the basis for our raising his estimated net worth 218%, to $350 million. Midland, Tex. oilman Claytie Williams Jr., we learned, has managed to pay down much of his debt, raising his estimated net worth 100%, to $200 million. New stock and real estate revelations increased Donald Bren's known worth over 40%, to $500 million. In the case of brothers Ernest and Julio Gallo, we were convinced by industry experts that we were being far too conservative in valuing their immense wine empire. As a result, their estimated net worths are doubled, to $300 million each. Two shy timber barons also moved considerably: William Reed Sr. leaped 76% after FORBES stumbled onto previously undervalued timber holdings, while Kenneth Ford dropped 60% after we were furnished with financial statements. Among other things, we learned that 25% of his Roseburg Lumber Co. is owned by the wife he divorced 12 years ago. Said his accountant: "We would be hard pressed to see how this ownership could be attributed to Mr. Ford." No argument there.

Going public, merging and liquidating also substantially altered our calculations. Arthur Belfer combined Belco Petroleum with InterNorth in a deal this August, doubling his estimated net worth, and Arnold Bernhard took Value Line, Inc. public in May and kept 81% of the stock. The latter's estimated net worth rose 200%.

In the case of half-brothers Marshall and Ted Field, a clearer picture begins to emerge as they set about liquidating Field Enterprises. Their estimated fortunes have more than doubled.

Further research also led us to reallocate several huge fortunes among various family members. Perry and Sid Richardson Bass have not slipped 50%. In reality a rising fortune has been allocated among them and three additional Basses. This year Walter Annenberg helped clarify his family's ownership of Triangle Publications, Inc. That brings his net worth down, but five Annenberg sisters join him on The Forbes Four Hundred. In one case last year we just plain goofed. We erroneously listed John Dorrance III as an equal beneficiary with his father (John Jr.) in a 31% Campbell Soup Co. trust. When reached by telephone in March, the heir was dumbfounded: "I've got 15 or 20 shares," he said. "I don't know what percentage that would be."

Finally, the SEC did some of our work for us. Their investigation into the Texas Hunts' silver speculation concluded late last year that, among other things, Lamar Hunt is not nearly as rich as the world had previously imagined, while brother Nelson Bunker Hunt is substantially richer. From a billion each last year, Lamar drops to $500 million, while brother Bunker's net worth rises to $1.4 billion. The newly calculated family net worth was $5.6 billion, exactly the sum of our estimates last year for Lamar, Bunker and their four siblings.

Work on revisions for next year's Four Hundred edition has already begun.

The Forbes Four Hundred

RULES OF THE CHASE

The fortunes of the very rich are difficult to calculate. Often it isn't even clear exactly who owns a great fortune: It is apt to be parked at least partly in the names of the immediate family or concealed in private investment companies or, more difficult, in trusts, where the separate elements of ownership (control of principal, receipt of income, power to name heirs, etc.) are deliberately spread among different people to accord with the inheritance tax laws.

To arrive at coherent estimates of wealth in this welter, we adopted a number of rules, mostly based on common sense:

- Blocks of publicly traded stock are priced at Aug. 24, 1983 closing.
- Privately held companies are valued according to estimated revenues and earnings, where estimable, and prevailing price/earnings ratios for publicly traded companies in similar businesses.
- When earnings are not estimable, we adopt rule-of-thumb conventions widely followed in respective industries. Newspapers, for instance, can be valued at $400 and up per subscriber, or 1.5 to 2 times revenues, less estimated debt. TV stations, radio stations and some newspapers were valued for us by reputable media brokers.
- In some cases we settled for book value. Among oil producers we often did not go beyond putting fair valuation on their oil reserves, to be conservative. In one or two cases (e.g., J.R. Simplot) we were forced to work from estimates published by the general press; these are treated cautiously, since such estimates are often unreliable.

In the matter of trusts and other intrafamily arrangements we proceeded on a case-by-case basis, applying common sense. Most trusts plainly exist to carry out a normal pattern of inheritance (to husbands, wives or offspring) and to minimize inheritance taxes. These trusts we generally attributed to the person who created the wealth, where still alive and in control, or to the principal controlling family member where he is not.

On the other hand, spendthrift trusts, meant to keep control out of the hands of beneficiaries, were not credited to the beneficiaries. The estimated trust income was, while principal was generally assigned to the controlling family members.

Irrevocable charitable trusts and foundations were not counted, even in cases like the Pew family, whose immense charitable trusts are used to retain ultimate control of Sun Co., the family company.

Wealth in the names of spouses and other immediate family members was generally assigned to the principal family member, especially where the family ties are close and members share an interest in an ongoing business. Exceptions were made where family or business ties had been broken or were seriously frayed.

The Forbes Four Hundred

$1 Billion and Up

Gordon Peter Getty

Inheritance. San Francisco. 49. Married, 4 sons. Fourth son of billionaire John Paul Getty. Served several brief stints with father's companies: Getty Oil, Spartan Aircraft. Lives quietly; amateur com-

Getty and wife, Ann

poser, pianist, patron of arts. Only relative with father at his death 1976 (2 half brothers deceased, Gordon's elder brother estranged). Now sole trustee, 33% beneficiary Sarah C. Getty Trust (named for his late grandmother), includes 31.8 million shares Getty Oil, with annual dividend of $83 million. Minimum net worth: $2.2 billion. "I'd rather be on the music pages."

Sam M. Walton

Wal-Mart Stores. Bentonville, Ark. 65. Married, 4 children. Born Kingfisher, Okla. J.C. Penney trainee postcollege; opened Ben Franklin variety store 1945 Newport, Ark. Lost his lease 1950, settled in Bentonville, where he could get another Ben Franklin store. Had 16 by 1962; opened a discount store experimentally. By 1970, 30 Wal-Marts; went public. Now 615 in 16-state area mostly in Sunbelt; growing rapidly. Lives modestly; drives pickup truck. With family, owns 41%, worth $2.15 billion. "It's almost unbelievable."

Walton

Daniel Keith Ludwig

Shipping, real estate. NYC. 86. Divorced, remarried 1938, no children. "Father of the supertanker." Only son of Michigan real estate agent, scraped up $25 age 9 to buy and rent out sunken boat. Quit school after 8th grade, borrowed $5,000 age 19 to convert old steamer. Hauled molasses, then more profitable oil. Scheme perfected 1930s: Get charter to move oil, use as collateral to borrow, build tanker; repeat. Built U.S. tanker fleet for WWII, got it back free after V-J Day. Billionaire after Vietnam War. Now downpedaling ships; buying savings and loans; also stocks, hotels,

Ludwig

land, mineral mines around the globe. Despite huge loss from Amazon jungle pulp venture, net worth believed to still exceed $2 billion.

David Packard

Hewlett-Packard. Los Altos Hills, Calif. 71. Married, 4 children. With $538 and Stanford classmate William Hewlett *(which see)*, founded California-based computer firm Hewlett-Packard 1939. He supplied business-management knowhow; Bill, engineering talent. Emphasized high technology, R&D, premium quality and price. First audio-oscillators, later calculators, small computers, EDP products. Imposing (6'5"); served as deputy defense sec'y for Richard Nixon; complained of "inefficiency." Driv-

Packard

en: still chairman H-P. His 18.5%, plus dividends, worth at least $1.85 billion.

An Wang

Wang Laboratories, Inc. Lincoln, Mass. 63. Married, 3 children. Born Shanghai to middle-class family. As he recalls it, "middle class" meant wealth of "maybe $100 American." Emigrated 1945; physics Ph.D. Harvard; naturalized 1954. Invented magnetic-core memory age 28, computer essential

Wang

for 20 years. Founded Wang Labs 1951. First year's sales $15,000; grown 40% to 50% a year since; now word processing leader. Founded Wang Institute 1981 to train computer scientists ("Education endures, buildings do not"). Controls family's 40% of Wang Labs, worth $1.6 billion.

Nelson Bunker Hunt

Inheritance, oil, real estate. Dallas. 57. Married, 4 children. Second son of H.L. Hunt. He and children share massive Hunt "first family" oil and gas trusts: 19% Placid Oil, 19% Hunt Energy *(see other Hunts, Hill, Schoellkopf. "Second family": see Ray Lee Hunt et al.)*. Personal interests center on real estate, agriculture, commodities: over 7.5 million

Nelson Bunker Hunt

acres worldwide, sugar, coal, soybeans. Was epicenter of 1980 silver bubble; apparently dreamed of monetizing silver; he, brothers, Arab partners acquired nearly 200 million ounces, price plummeted. Owes largest share of $1.1 billion bailout loan arranged by Federal Reserve. Lives well but not extravagantly. Estimated partially from SEC investigation findings, minimum net worth, including trusts he controls, is $1.4 billion. "We're not as smart as other people, so we need every advantage."

Caroline Hunt Schoellkopf

Inheritance. Dallas. 60. Divorced, remarried, 4 sons, 1 daughter by first marriage. Second daughter of H.L. Hunt; she and children share in "first family" trusts: 24% Placid Oil, 24% Hunt Energy *(see other Hunts, Margaret Hunt Hill. "Second family": see Ray Lee Hunt et al.)*. Stayed clear of brothers' silver play, other risky speculations, but leaves oil management to them ("I have no idea where to sink a well."). Lately investing in superluxury hotels projected at $350 million over 5 years. Already spent $250 million

Schoellkopf

on Dallas' Mansion on Turtle Creek, Bel Air Hotel in Beverly Hills and the Remington, Post Oak Park, Houston. May be world's richest woman: Including all trusts, minimum net worth is $1.3 billion. "All my life I thought I'd end up penniless. Well, I've finally gotten over it."

H. Ross Perot

Computer services. Dallas. 53. Married, 5 children. Invented "facilities management" as independent business; founded Electronic Data Systems 1962, still CEO. First man to lose $1 billion (on paper,

Perot

1969, when hot EDS stock plunged). Patriotic, tough. Solved own Iranian hostage crisis when 2 EDS employees were taken 1979: Perot and team of EDS employees flew in for successful rescue mission, jailbreak and 540-mile smuggle to Turkish border. Today, back even with 1969: His 47.6% of EDS, plus oil, gas and real estate, worth over $1 billion.

Margaret Hunt Hill

Inheritance. Dallas. 68. Married, 3 children. Eldest child of H.L. Hunt; she and children share "first family" trusts: 14% Placid Oil, 14% Hunt Energy *(see other Hunts,*

Hill

Schoellkopf. "Second family": see Ray Lee Hunt et al.). Strongminded; dominates family business meetings. Avoids pre[illegible] Conservative investor: Stayed clear of brothers' silver play, other risky speculations. Reportedly insisted "the boys" use additional personal assets to secure principal family holding, Placid Oil, after 1980 silver debacle: denied by her. Her minimum net worth, with children's trusts, $1 billion.

George P. Mitchell

Oil, real estate. Houston. 64. Married, 10 children. Son of immigrant from Greece, sold stationery and bussed tables to complete Texas A&M 1940. Became freelance geologist, worked for eating money plus piece of the action. Assembled pieces into Mitchell Energy & De-

Mitchell

velopment Corp. Added real estate from mid-1960s. His 29.5 million shares, real estate, other assets, worth at least $1 billion. Wants his 10 children unspoiled: "We pay for their education, and we give them a car and maybe 1,000 shares of stock when they graduate. That's it."

Forrest E. Mars Jr.

Candy. Las Vegas and McLean, Va. 79. Twice widowed, 2 sons, 1 daughter. Controls world's largest confectioner, Mars, Inc. Supersecretive: "the Howard Hughes of candy." No photos, no interviews; execs keep quiet if they value jobs. Raised by divorced mother in Seattle; off to Yale; then father financed British candy venture to keep him distant. Took over the U.S. company anyway in 1964 (age 60). On knees during first business meeting: "I'm a religious man. . . . I pray for Milky Way, I pray for Snickers." Passionate about plant cleanliness. Wholly owned company worth at least $1 billion.

David Rockefeller

Inheritance, banking, real estate. NYC and Tarrytown, N.Y. 68. Married, 2 sons, 4 daughters. Grandson of Standard Oil mogul John Davison Rockefeller (1839-1937), youngest son of John D. Jr. (d. 1960) and current patriarch of America's most powerful family. Ph.D. economics; joined uncle Winthrop Aldrich's Chase National Bank 1946 (now Chase Manhattan). President 1961, CEO from 1969; became globe-trotting banker-statesman; "retired" 1981 to run family foundation. Correct; methodical, reserved: "No one, and I mean *no one*, calls David Rockefeller 'Rocky.'" Collects art, wine, beetles (incl. *amaeodera Rockefelleri*). With vast personal real estate interests (25% Embarcadero Center, S.F.; 33% L'Enfant Plaza, D.C., etc.), family trusts, etc., net worth estimated at over $1 billion.

Rockefeller

Philip F. Anschutz

Oil. Denver. 44. Married, 3 children. Father Fred built contract drilling company, oil and gas interests all over Midwest. Philip took over 1961, sold drilling rigs, became aggressive buyer oil and gas leases. Now over 11 million acres

Anschutz and wife Nancy

in 22 states. Also minerals, real estate. Sold half his interest in Anschutz Ranch East field for reported $500 million 1982. Despite oil price drops, net worth, mostly in huge reserves, could still be $1 billion. "I can't imagine my business would interest anyone."

William Herbert Hunt

Inheritance, oil. Dallas. 54. Married, 5 children. Third son in H.L. Hunt's "first family" *(see other Hunts, Hill, Schoellkopf; "second family": see Ray Lee Hunt et al.)*. Principal manager family's vast oil empire;

William Herbert Hunt

his share, with children, is 24% Placid Oil, 24% Hunt Energy. Also Dallas real estate, coal reserves. Inherited father's contempt for high living: house in upper-middle-class neighborhood, old car (during 1979 energy crisis was spotted in 2-hour gas line "waiting patiently with his wife and dog"). Drawn into brother Bunker's silver bubble; now has share of $1.1 billion silver bailout loan. Estimated partially from SEC investigation findings, minimum net worth, including all trusts, is $1 billion.

Marvin Davis

Oil. Denver; various. 57. Married, 5 children. Father onetime boxer from Manhattan garment district, got into oil & gas after WWII. Marvin took over 1947, bought many cheap oil leases in out-of-favor Rockies, became one of biggest U.S. wildcatters. Hit 15% successful drilling rate, enough to finance his Denver skyscrapers, shopping center, bank. Sold some producing

Davis

assets to Hiram Walker 1981 for $630 million, kept much else. Bought 50% 20th Century-Fox 1981 ($75 million of it in cash); devotes most time to it. Burns out geologists, but best ones leave rich. Lives lavishly, has retinue of bodyguards. Sports fan, still shopping for baseball team. Oil and Denver down, but Fox et al. up; so net worth may still be $1 billion.

The Forbes Four Hundred

$500 Million and Up

William Redington Hewlett

Hewlett-Packard. Palo Alto, Calif. 70. Widowed, remarried; 5 children from first marriage, second wife has 5. Fresh from Stanford with David Packard *(which see)*, started company 1939 in 1-car garage; invented audio-oscillator. Still acts as vice chairman; H-P one of world's leading producers electronics, minicomputers (1982 sales: $4.25 billion). Straightforward, private, outdoorsman; loves to solve problems. "There are, of course, times of stress; but that's the name of the game." His 9% of stock, plus dividends, worth at least $950 million.

Stephen Davison Bechtel Sr.

Stephen Davison Bechtel Jr.

Engineering, construction. San Francisco. 83, 58. Father: married, 2 children. Son: married, 5 children. Sr. built family railroad construction company from moderate size to global giant building dams, pipelines, refineries. Jr. took over 1960, expanded nuclear plant construction and added airports. World revenues this year could hit $9 billion. Profits may approximate $200 million. Also 2 large investment arms: company's Bechtel Investments, family's Sequoia Ventures. 2 sons, 2 sons-in-law of Jr. in business Minimum net worth: Sr., $800 million; Jr., $300 million.

Harry Brakmann Helmsley

Real estate. NYC. 74. Divorced, remarried, no children. Son of dry goods salesman, saw life savings ($1,000) into a building 1938; today controls over $5 billion worth, including Empire State Building. NYC's largest landlord—over 100,000 tenants. Has many equity partners (e.g., centimillionaire lawyer, dealmaker Lawrence Wien); his percentages higher on later projects. Second wife, Leona, heads their 27 hotels, including $125 million Helmsley Palace (opened 1980, NYC). As commercial landlord, now moving into Miami, Chicago, San Francisco, Houston, etc. Swims daily, likes ballroom dancing. Despite partners, minimum net worth $800 million. "It doesn't take any great genius—you just have to live long enough. And, after 50 years, I know every building in NYC."

Samuel Irving Newhouse Jr.

Donald E. Newhouse

Brothers. Publishing. NYC. 55, 53. Both married, 3 children each. Father Samuel I. born lower-Manhattan tenement of poor Russian immigrants, turned around *Bayonne* (N.J.) *Times* as teenager, went on to build one of largest media empires (estimated revenues near $1.5 billion). He died 1979; left sons Si and Don control of voting shares and family dictum: "The ties that matter are the ties to each other." Company tightly run; 29 newspapers, 8 magazines (plus overseas), etc. Bought Random House 1980; sold off TV stations, now investing widely in cable. Spent $10 million-plus last winter to relaunch *Vanity Fair*. Si: friendly, informal, youthful. Don: more rigorous, precise. Including nonvoting stock, each brother's share worth minimum $700 million.

Laurance Spelman Rockefeller

Inheritance, investments. NYC and Tarrytown, N.Y. 73. Married, 3 daughters, 1 son. Grandson of Standard Oil mogul John Davison Rockefeller. With brother David *(which see)*, chief investors of third-generation Rockefellers. Some early success in venture capital 1940s (Eastern Air Lines, McDonnell Douglas Corp., etc.), cofounded United Nuclear Corp. 1950s. Active, if controversial, environmentalist; set up, runs resorts, hotels, apt. complexes (Caribbean, West Coast, Hawaii). Chaired Rockefeller Center, Inc. 1953-66, still a director. Unwinds at Pocantico Hills, family's 3,500-acre compound near NYC. Estimated net worth: at least $650 million.

Barbara Cox Anthony

Anne Cox Chambers

Sisters. Inheritance. Barbara: Honolulu. 60. Married, 2 children. Anne: Atlanta. 63. Divorced, 3 children. Both share 97% Cox Enterprises, which owns the Atlanta *Constitution*, et al., 41% Cox Communications (broadcasting) following deaths of father James (1957) and brother James Jr. (1974). Barbara's husband, Garner Anthony, 54, is chairman; she runs ranching interests Hawaii, Texas, South Carolina, Australia. Anne, noted Atlanta society hostess, first woman bank director that city; ambassador to Belgium 1977-81. Joint net worth is minimum of $1.2 billion.

Curtis Leroy Carlson

Entrepreneur. Minneapolis. 69. Married, 2 daughters. Son of poor Swedish immigrants. Horatio Alger-style: 3 newspaper routes, peddled soap for P&G. Began one-man conglomerate 1938 with Gold Bond trading stamps. Now $2.1 billion (sales) Carlson Cos. handles 75 businesses; i.e., 340 restaurants, 25 Radisson Hotels, 11 resorts, real estate. Some 50% of revenues from consultant group, travel agencies. Loner, 100% self-financed; demanding. Managers file "deviation reports" if they miss their sales mark, but top execs walk away millionaires. "The public votes with its dollar. Get its dollar and you'll succeed." He's got at least $600 million.

Jane Bancroft Cook

Inheritance. Sarasota, Fla. 71. Thrice widowed, once divorced, 3 children. Granddaughter of Clarence Barron, who built up *Wall Street Journal, Barron's*, Dow ticker. With brother and sister (both deceased), inherited control Dow Jones & Co. 1949. Director of company since 1951 but little role in operations. Noted for Boston-area philanthropies, otherwise extremely private. Avoids interviews. Barron's descendants own 56.4% Dow stock, all tangled in interlocking trusts. Her personal fortune exceeds $600 million.

The Forbes Four Hundred

Jack Kent Cooke

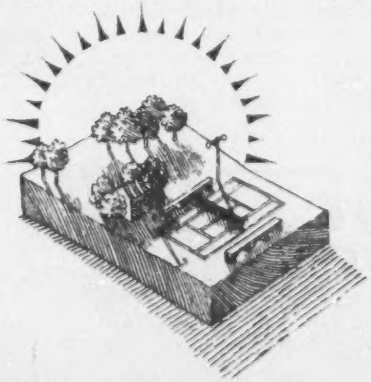
Real estate, cable TV, publishing, sports. Upperville, Va. 70. Twice divorced, 2 children by first wife. Canadian, naturalized 1960 by act of Congress. Sold encyclopedias door-to-door, then sold soap to stores, then sold radio stations/newspapers. Has owned several sports teams (lately, 86% football Redskins); 14%-plus Teleprompter (sold 1981 for over $100 million); owns Chrysler, Kent buildings (NYC), Virginia farms, etc. "Retirement should be shunned like leprosy. I tried it once." Estimated net worth: at least $600 million.

Edward L. Gaylord

Broadcasting, publishing. Oklahoma City. 64. Married, 4 children. Father E.K. bought into *Daily Oklahoman* 1903; long most powerful man in state. Ran Oklahoma Publishing Co. until death (1974) at age 101. Edward L. now runs diverse empire: 2 newspapers, 7 TV stations, *Farmer Stockman* magazine, *Hee Haw* TV show, real estate, more. This year bought Nashville's Grand Ole Opry (120-acre theme park, stage, hotel, radio stations, etc.). Lives modestly; hunts quail; skirts publicity. With family, has majority control; worth minimum $600 million. "He'd buy them all out if he could. He's a loner."

Samuel Curtis Johnson

Johnson Wax. Racine, Wis. 55. Married, 4 children. 4th generation Johnson to run S.C. Johnson & Son, Inc., now about $2 billion (sales) company (Future Floor Finish, Raid, Pledge, etc.). Took over 1967; preparing 5th generation. "We are polishing the floors and furniture, cleaning the rug, killing the bugs, sweetening the air and waxing the old man's car." Now cleaning hair, too. Relaxes with hunting, fishing, photography, flying (holds commercial pilot license). Has majority of Johnson voting stock *(see also John Jeffry Louis Jr.)*. Minimum net worth: $600 million.



John Thompson Dorrance Jr.

Campbell Soup. Gladwyne, Penna. 64. Divorced, widowed, remarried; 3 children by first marriage. Grandfather Dorrance founded company on idea: Canned soup in condensed form; very convenient. Died 1930 leaving $129 million estate, 3rd-largest in U.S. to that date. Descendants *(also see Marie Hamilton, Hope van Beuren)* own 60% of company, of which 31%—10.2 million shares worth $542 million, paying $22 million annual dividends—belongs to John Jr. Chairman (adviser) since 1962; keeps low profile. May retire soon; no family member will replace him. Net worth must exceed $575 million.

Kyupin Philip Hwang

TeleVideo Systems. Los Altos Hills, Calif. 46. Married, 2 daughters. North Korean who fled south to fight in Korean War; now battling Apple, IBM for home computer market. Rags to riches in 15 years: washed dishes in Lake Tahoe casino to finance college; became U.S. citizen 1974; started TeleVideo Systems, Inc. 1975 in his garage. Few backers; took second mortgage on home. "I can only lose $50 in America, because that's what I brought with me." Company now world's leading independent supplier VDTs; went public in March amid craze for high-tech stock. His 28.2 million shares suddenly worth $575 million.

Leslie Herbert Wexner

Retailer. Columbus, Ohio. 46. Single. Quit law school 1963 to work in father's women's clothing store. Disagreed with policy: borrowed $10,000 to start own specialty store (sportswear). First year's sales: $159,000. Now has 900-store chain, The Limited, Inc.; grosses $200 per sq. ft. Revenues will exceed $1 billion this year. Avid skier, jogs 7 miles a day. His share in The Limited, Inc., with mother's and sister's, worth $541 million. "I liked it better when I was just another guy from Columbus, Ohio."

David B. Shakarian

General Nutrition Corp. Pittsburgh; Bal Harbour, Fla. 69. Married, 2 children. Armenian-born father was first importer of yogurt into U.S. Young David opened own store 1935, did $35 first day; had six outlets by WWII. Began serious expansion 1960: chain of large, flashy discount health food stores instead of small, cracker-barrel norm. Now nearly 1,100 GNC outlets coast to coast; went public 1980. With immediate family, owns some 80% of stock, plus big real estate development in Fla. Minimum net worth: $530 million.

Warren Edward Buffett

Stock market. Omaha. 53. Married, 3 children. 2-year apprenticeship with late Benjamin Graham; left at 25 to start family-based investment partnership 1956. Dissolved 1969 after 30-fold increase, no down years; turned bull again circa 1974 (DJIA: 580). Disciplined; uncanny sense of timing; noted sense of humor. Fundamentalist approach: "I look at stocks, not markets. I am a market agnostic." Lives modestly; supports population control, arms control. Chairman Berkshire Hathaway, Inc.; his 45% worth $520 million.

Perry Richardson Bass

Sid Richardson Bass

Edward Perry Bass

Robert Muse Bass

Lee Marshall Bass

Father and sons. Oil, investments. Ft. Worth. Legendary oilman Sid Richardson (d. 1959) left bulk of estate to foundation, rest to nephew Perry, whose mother lent Sid $40 to start in oilfields during Depression. Perry: 68. Married, 4 sons. Built Richardson legacy into 2nd-largest private oil empire (after Hunts), with stakes in nearly every large U.S. field. Principal hobby: sailing. Helped design the PT boat WWII; navigated Ted Turner's

The Forbes Four Hundred

World Open championship win 1972. Eldest son. Sid, 40, manages family fortune. Invested in venture capital firms ($8 million in Idanta Partners now well over $200 million). Personal style: more eastern intellectual than Texas good ol' boy. Other sons in business, but to lesser degree: Edward, 38, "globe-trotting entrepreneur"; Robert, 35, works on local real estate development; Lee, 27, just joined business after M.B.A. from Wharton. All brothers Yale graduates. Family fortune could be worth $2.5 billion: vast stock portfolio, real estate, oil and gas reserves, hotels, etc. All live quietly, ignore press: "When you're where they are, who do you want to impress?"

Paul Mellon

Inheritance. Upperville, Va. 76. Widowed, remarried, 2 children by first marriage *(see Timothy Mellon, Catherine Conover)*. Inherited $250 million from legendary financier father, Andrew Mellon (d. 1937). After Yale, put in 3 years at family's Pittsburgh bank, left to pursue art collection, English literature, fox hunting, Thoroughbreds. Also philanthropy: $100 million British art collection to Yale; East Wing of National Gallery (founded by father), Washington, D.C.; etc. Enjoys genteel lifestyle on 4,000-acre estate. Minimum net worth: $500 million.

Henry Lea Hillman

Industrialist. Pittsburgh. 64. Married, 4 children. Son of Pittsburgh's J.H. Hillman Jr., one of few to stand up to the Mellons in their heyday. Joined father's business 1946. Inherited 1959. Lately moved toward venture capital and real estate investments, away from strategy of taking minority positions. With The Hillman Co., other holdings, net worth at least $500 million.

Winthrop Paul Rockefeller

Inheritance. Winrock Farms, Ark. 35. Divorced, 3 children. Great-grandson of John D. Rockefeller and son of "black sheep" Winthrop (1912-73) of third-generation Rockefellers, who fled to Arkansas, became two-term governor. Win Paul suspended from Oxford after

first year. Inherited father's mountaintop home, but 50,000-acre ranch and farm empire went to charity. Progressive farmer; rare public appearances confined to philanthropic fundraising events. Net worth must exceed $500 million, mostly in family trusts.

Abraham Nicholas Pritzker

Jay Arthur Pritzker

Robert Alan Pritzker

Father and sons. Financiers. Chicago. 87, 61 and 57. All married. A.N., 3 sons (1 deceased); Jay, 5 children (1 deceased); Robert, 4. A.N. started with father's law firm early 1920s; by 1940 too busy with investments to accept new legal clients. Gained respect on Wall Street as classic Graham and Dodd raider: looks at assets, cash flow, liquidity, the basics. "Likes to buy at 80 cents on the dollar." Current assets (most under Marmon Group umbrella) over $2 billion. Nationally visible from late 1960s as builders Hyatt hotels using unique atrium designs; now own 100%. Acquisitions: *McCall's* magazine, Trans Union Corp., Cerro, Hammond, others. Jay family financial expert ("deal man"); engineer Robert cures sick companies. Now hopes to revive Braniff Intl. by infusing $70 million for 80% stock. With families, share fortune exceeding $1.5 billion. A.N.: "On Saturdays, a good Catholic goes to confession. I go to the First of Chicago."

Leonard Norman Stern

Pet supplies, real estate, NYC. 45. Divorced, 3 children. Father Max emigrated from Bavaria's Hartz Mountains with 2,100 canaries; started pet business 1926 as Hartz Mountain Corp. Son Leonard peddled hard as boy: "A salesman should be able to sell horse apples. You just have to con the sonofabitch." Took company over 1960s, sold so hard ran into antitrust trouble; settled out of court late 1970s for many millions (now prime target of grand jury investigation). Took Hartz private 1979; moved heavily into New Jersey real estate. Net worth should easily exceed $500 million.

Richard Mellon Scaife

Inheritance, investments. Pittsburgh. 51. Married, 2 children. Grandson of Richard Beatty Mellon, inherited $200-plus million from Mellon mother 1965. Estranged from sister *(see Cordelia Scaife May; also other Mellons, Conover, Milbury)*. Eschews publicity; won't use middle name, but still most prominent Mellon since uncle Richard K. (d. 1970). Built up smallish newspapers in Penna. and Calif. Published *Pittsburgher* magazine, folded 1981. One of biggest contributors to conservative think tanks and leaders ($500,000 to Milton Friedman, $1 million to Nixon's CREEP, etc.). Between personal fortune and trusts, net worth should exceed $500 million; vigorously denied by him.

Arthur B. Belfer

Oil, real estate. NYC. 76. Widowed, remarried; 3 children, 2 stepchildren. Polish-born. Quit making sleeping bags for Army 1952; got into oil and gas 1954. Went public as Belco Petroleum Corp. 1959; vast production in Peru; with family owned some 45% until recent friendly takeover by InterNorth Inc. Now has InterNorth preferred stock worth $370 million. Arthur still chairman of board; son Robert is president Belco. One son-in-law, Jack Saltz, senior v.p. Belco; other, Lawrence Ruben, comanages family's extensive NYC real estate holdings. Altogether, minimum net worth is $500 million.

Edward J. DeBartolo

Shopping centers. Youngstown, Ohio. 65. Married, 1 son, 1 daughter, both in business. Grew up with Italian-born stepfather, a paving contractor. Plunged 1949 on untested idea most banks feared to

lend on: suburban shopping centers. Plunged again on giant regional malls 1960s. Total development over 60 million sq. ft. Also owns banks, 3 racetracks, hotels and sports teams, but lets Eddie Jr. own pro football 49ers. Minimum net worth: $500 million. Ed Sr. on sports: "It's a marriage of athletics and business where a loss is personal and success incomparable."

William H. Millard

ComputerLand. Hayward, Calif. 51. Married, 3 daughters. College dropout; various jobs before becoming chief of data processing for Alameda County (Calif.) 1961; gained reputation computerizing government operations. Worked for IBM, city of San Francisco, had 2 small software/consulting firms. Saw potential for retailing personal computer equipment, opened first ComputerLand 1976. Now some 550 franchises worldwide, $1 billion revenues. Corp. takes 8% of gross, franchising fees, etc. Millard owns 97%, plus other assets, worth at least $500 million. "I am the biggest winner of all in the microcomputer industry."

Donald L. Bren

Real estate. Los Angeles, Newport Beach & NYC. 51. Twice divorced, 3 children. Son of late Hollywood producer Milton Bren, actress Claire Trevor. To college on skiing scholarship, lost bid for 1956 Olympics. Built first house 1958; expanded rapidly in exodus to Orange County. Built Mission Viejo, sold to Philip Morris 1967. Sold home-building firm to International Paper for $34 million 1970; bought back 1972 for $3.5 million. Recently added to Irvine Ranch holdings in one of largest real estate deals ever; now owns 86% (highly leveraged). Reserved perfectionist; avid sportsman; collects art and antiques. Also stocks. Minimum net worth: $500 million.

Trammell Crow

Real estate. Dallas. 68. Married, 6 children. Before WWII, a CPA. Built warehouse in Dallas 1948. "After that, we just got less and less small." Now one of biggest landlords in U.S. Operates through "partnerships" (he maintains control) with local managers, others. Narrowly averted disaster in 1974 real estate crunch. Total assets now some $3.5 billion nationwide. Crow's minimum net worth $500 million.

Samuel J. LeFrak

Real estate. NYC. 65. Married, 4 children. Father Harry built Brooklyn homes pre-WWI; Sam expanded greatly after WWII. Today second-largest NYC landlord after Helmsley *(which see)*. 40-acre LeFrak City part of 32,000 apts. he owns. Interests spread around U.S.: "Every town has been in touch with me." Investing big in oil and gas; also music publishing and production (Broadway's *Cats, Nine,* TV's *Fame,* etc.). Talks up "city of the future" with Melvin Simon *(which see)*: 10,000-apt. renewal near NYC. Minimum net worth: $500 million. "I follow the Golden Rule—those with the gold make the rules."

David H. Murdock

Real estate, acquisitions. Bel Air, Calif. 60. Married, 3 children. High school dropout. Built homes in Phoenix, Ariz. after WWII; parlayed $100 million empire; saved $13 million from 1963 collapse. Next, California: real estate, small companies. "When everyone sees it's a good investment, it's time to sell." Recently: Cannon Mills for $413 million in April 1982, bank financed; Flexi-Van this year; also largest shareholding in Occidental Petroleum; additional real estate. Assets under Murdock's Pacific Holding Corp. Minimum net worth: $500 million.

Lamar Hunt

Inheritance, oil, sports teams. Dallas. 51. Divorced, remarried, 4 children. Youngest of H.L. Hunt's "first family" *(see other Hunts, Hill, Schoellkopf. "Second family": see Ray Lee Hunt et al.)*. He and children share fully in oil trusts: 19% Placid Oil, 19% Hunt Energy. Personal business interests mainly sports: founded American Football League; owns Kansas City Chiefs, other clubs (but lost Dallas football franchise to Clint Murchison, *which see*); also World Championship Tennis, Inc. Lives frugally: flies commercial, said to have one suit. Caught up in brother Bunker's silver bubble ("I'm not very good at business"); took on share of $1.1 billion silver bailout loan. Estimated partially from SEC findings, minimum net worth is $500 million.

William Walter Caruth Jr.

Real estate. Dallas. 70. Married, 4 children. Grandfather opened general store 1849, used earnings to buy land, amassed cotton plantation. Father increased acreage to near 30,000, sank into debt. Turned over to Will Jr. 1939, who has been developing it ever since. Now known as North Dallas. Likes to sell land, keep 50% of cash flow. Also owns Florida real estate. Minimum net worth: $500 million, most in names of children, 2 nephews since 1940s. "I had no idea I was worth that." Principal sorrow: All 6 inheritors uninterested in managing fortune or unable to.

A. Alfred Taubman

Real estate. Bloomfield Hills, Mich. & Palm Beach. 58. Divorced, remarried, 3 children. Small-scale, muddy-boots builder early 1950s; specialized in shopping centers; moved into Calif. market 1957. Became large scale 1960s. Led Irvine Ranch buyout 1977; just sold 15% interest to Donald Bren *(which see)*: "This is a better deal than the Louisiana Purchase." Owns 75% interest 20 major shopping centers; 100 movie theaters; 800 A&W fast food outlets (franchised); 80% Michigan Panthers (USFL). Now buying Sotheby's auction house. Boxes at home ("marvelous aerobic exer-

cise"). With art, other investments, minimum net worth $500 million.

O. Wayne Rollins

Real estate. Rollins, Inc. Atlanta. 71. Married, 2 children. Raised on small farm, found work during Depression in textile mill for $10 a week. "It was a real easy decision—it was the only job offered." With brother John, moved on to auto dealerships, then radio, TV stations. Founded Rollins, Inc. 1948, diversified rapidly by acquisition (pest control, oil & gas services, media, etc.); with family, owns 44%. Also interests Intermedics; 55,000 acres Ga., Fla., Del.; 10,000 head cattle, et al. Avid farmer and quail hunter. Estimated net worth: at least $500 million. Religious: "I don't think there are self-made men. You have to have help to accomplish a lot."

Jack Richard (J.R.) Simplot

Potatoes. Boise, Idaho. 74. Divorced, remarried, 4 children by first wife. After quarrel with father, quit 8th grade, left home. Sorted potatoes, raised hogs, put proceeds into first potato field. Millionaire by 30. Big break: meeting Ray Kroc *(which see)* and owning patent on frozen French fries. "When the time is right, you gotta *do* it!" Raises Thoroughbreds, has 30-by-50-foot U.S. flag on 16-story flagpole in front of showcase home. Net worth said to be at least $500 million. "It makes me feel good to know I can walk into a bank and get $80 million just on my name."

Allen E. Paulson

Gulfstream Aerospace Corp. Savannah, Ga. 61. Divorced twice, 3 sons. Cleaned hotel rooms, sold newspapers, milked cows before becoming TWA mechanic 1940 for 30 cents an hour. As sideline, sold parts and engines for airplanes; on own since 1951. Became reseller of surplus aircraft, later designed own plane. Bought Grumman's general aviation division 1978 for $52 million, Rockwell International's general aviation division 1981 for $25 million, formed Gulfstream Aerospace Corp. 1982. "The only way you get personal wealth is to go public." Paulson did this year, netting $90 million cash, keeping shares currently worth $410 million.

Milton Petrie

Retailer. NYC. 81. Twice divorced, once widowed, remarried; 3 children. Began with 1930s Reconstruction Finance loans; bankruptcy 1937, out 1938. Stock market coup 1960 (buying shares of competitor-takeover candidate) financed big expansion. Goes to office only mornings now; still terrorizes staff. No successor in sight; children not interested: "When the job becomes available, the right person will turn up." His Petrie Stores stock worth $412 million, pays $17 million-a-year dividend. Net worth should well exceed $450 million.

Walter Hubert Annenberg
Enid Annenberg Haupt
Esther Annenberg Simon
Jeanette Annenberg Hooker
Lita Annenberg Hazen
Evelyn Annenberg Hall

Publishing. Son, 5 living daughters of legendary Moses Annenberg (d. 1942), founder Triangle Publications. Walter: Wynnewood, Penna. 75. Divorced, remarried; 1 daughter. Inherited debt-ridden co. upon father's death, built to preeminence. Started *TV Guide* 1953; now country's most profitable magazine. Also *Seventeen, Daily Racing Form,* vast stock holdings, real estate. Close friend of, ambassador to Great Britain for, Richard Nixon. Enid (Mrs. Ira Haupt): NYC. 77. Divorced, widowed, no children. Most distinguished Annenberg sister; ran *Seventeen* 1953-70, wrote books on teenage etiquette. Esther (Mrs. Leo Simon): NYC. 81. Widowed, 1 adopted son. Pursued career as painter; recently very ill. Jeanette (Mrs. James Hooker): NYC & Palm Beach. 78. Twice widowed, 2 children. Serves on White House board for decorative arts. Lita (Mrs. Joseph Hazen): NYC & Los Angeles. 73. Divorced, remarried; 1 daughter. Lives quietly, gives annual award for medical excellence. Evelyn (Mrs. Melville Hall): Palm Beach. 71. Divorced, widowed, remarried. 3 sons. Trustee Museum of Modern Art (NYC). Triangle worth estimated $1.3 billion. Each sister owns over 9% worth minimum $125 million. Walter votes all shares, holds about 35% worth minimum $450 million. Huge philanthropies ($20 million-plus per year). On rumors of dismantling empire: "I'll dismantle it when they carry me out in a box."

Roger Milliken
Gerrish H. Milliken
Minot K. Milliken

Brothers and cousin. Textiles. 67, 65 and 67. Deering, Milliken & Co. begun 1865 as dry goods jobber by grandfather Seth and William Deering. Became selling agent for southern mills; helped finance, held equity in suppliers until Depression; wound up owning many. Deering left to start International Harvester; Milliken & Co. now one of largest U.S. textile firms: over 60 plants in 3 states, revenues approx. $2 billion. Roger: Spartanburg, S.C. Married, 5 children. Current patriarch and president from 1948. Considered benevolent dictator; lives unostentatiously, keeps family business highly secretive. "He makes a clam seem like an open mouth." Brother Gerrish: Darien, Conn. Divorced, 2 sons, 3 daughters. Vice president; handles automotive fabrics from NYC sales office. Cousin Minot: NYC. Married, 1 son, 1 daughter. Vice president in charge of company finances. Milliken & Co. worth at least $500 million, also 40% Mercantile Stores. Roger majority owner; his share worth at least $450 million. Gerrish: $300

million. Minot: $150 million.

Raymond A. Kroc

McDonald's. Chicago and La Jolla, Calif. 80. 3 marriages, 2 divorces. One daughter, deceased; has adopted daughter of present wife. High school dropout, served in WWI at 15. Radio music director, piano player, paper-cup salesman. At 52, still small-time, seller malted-milk machines; discovered Richard and Maurice McDonald doing $2 million a year on 15-cent hamburgers *(see Faces)*. Franchised them; bought them out 1961 for $2.7 million; kept name ("What are you going to do with a name like Kroc?"); revenues today $2.7 *billion*. Still owns over 7 million shares. Bought San Diego baseball Padres 1974. Minimum net worth: $450 million.

Charles Cassius Gates

Gates Corp. Denver. 62. Married, 2 children. Father founded business 1911 selling leather bands then used for auto tires; later made tires. Uncle invented V-belt 1917. Inherited 1961, with 4 sisters. Diversified; bought Learjet Industries 1967, still owns two-thirds. Disposed of tire business 1973; Gates Corp. sales nearly tripled since, earnings around $60 million. "Progress is made when you get backed into a corner and you've got to battle your way out." Also real estate, etc. Minimum net worth, with family: $450 million.

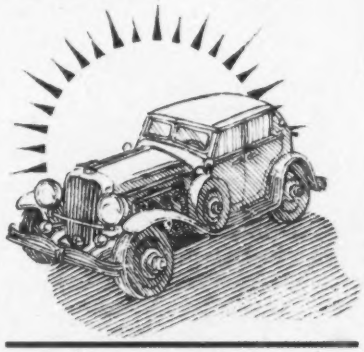
Cyril Wagner Jr.

Jack Brown

Partners. Oil. Midland, Tex. Wagner: 49. Divorced, remarried; 5 children. Brown: 57. Married, 3 children. Believed Midland's richest. Set up Wagner & Brown Oil Properties 1962, built up prodigious oil production. Now have "staggering" cash flow, modest debt; set up Canyon, Inc. to diversify out of oil (aeronautics, plastics, etc.). Share equally business empire worth at least $900 million.

Edgar Miles Bronfman

Seagram Co. NYC. 54. Three marriages: divorced, annulled, recently separated. 5 children by first wife, 2 by third. Grandfather emigrated from Russia to Canada 1889, built small hotel chain; father Samuel switched to liquor trading. Business thrived during, following Prohibition; added oil holdings 1960s. "Mr. Sam" died 1971; split immense fortune among 4 children. Only Edgar is U.S. citizen (from 1955); now CEO Montreal-based Seagram Co., world's largest distiller (sales nearing $3 billion). Lost fight for Conoco 1981, now chief du Pont shareholder. Bronfmans have 40% of Seagram; he owns 12%. With other investments, minimum net worth is $400 million.



August A. Busch Jr.

Anheuser-Busch. St. Louis. 84. 4 wives; once widowed, twice divorced; 11 children, 1 deceased. Family company made corn syrup, yeast during Prohibition; Budweiser before and after. First post-Prohibition case shipped to FDR, second to New York Governor Al Smith. Has 6.2 million Anheuser-Busch shares; French Renaissance chateau in St. Louis County, where he rode to hounds in younger days. Pet cause: has built several animal sanctuaries. Son August A. III, 46, runs company. Minimum net worth: $400 million.

Harry Weinberg

Real estate, investments. Honolulu and Baltimore. 75. Married, 1 son. Austrian-born, left 6th grade to work in father's Baltimore auto repair shop. Made money on real estate 1930s. Bought public bus systems 1950s and 1960s; sold at profits, sometimes to cities. Owns immense amounts Hawaii and Maryland real estate (shopping centers, office buildings, etc.), plus large holdings Alexander & Baldwin, Maui Land, others. Combative "lone wolf"; reportedly plotting A&B proxy fight. Considered one of wealthiest Hawaiians: "I don't know, I don't count anyone else's money." Net worth exceeds $400 million.

Cordelia Scaife May

Inheritance. Pittsburgh area. 55. Divorced, widowed; no children. Granddaughter of Richard Beatty Mellon, inherited $200 million-plus from Mellon mother 1965. Brief marriage 1950 to Herbert A. May Jr. Later wed longtime friend Robert Duggan, Pittsburgh's D.A., 1975. Estranged from brother *(see Scaife, other Mellons)*. Lives modestly, privately; supports zero-population growth. In 1979 put $10 million into capital venture firm for alternative energy. Estimated net worth: at least $400 million.

Donald J. Hall

Hallmark Cards. Kansas City, Mo. 55. Married, 3 children. Father Joyce C. Hall (d. 1982) became postcard distributor 1906, gradually switched to greeting cards. Had uncanny sense of what would sell. Built national distribution, quality image. Donald in management since 1952; president since 1966. Also has troubled K.C. real estate project, Crown Center. Joyce's will stipulated major sale of stock to employees, with proceeds to charity, but majority ownership remains with Donald, worth at least $400 million.

Edwin L. Cox

Oil. Dallas. 61. Married, 2 sons, 1 daughter. Born Arkansas; in Texas oil since 1946. Poured some cash flow into stockholdings: SEDCO, InterFirst Corp., etc., made over $15 million on Keebler Co.-United Biscuits merger 1974. Oil still main interest. Son in business with him. "Pleasant, engaging fellow"; helped develop E.L. Cox School of Business at So. Methodist Univ. 1978. Minimum net worth: $400 million.

Laurence A. Tisch

Preston Robert Tisch

Brothers. Loews Corp. NYC and Harrison, N.Y. (both). Built hotel chain from father's resort in Lake-

wood, N.J. (1946); gained control of Loews by 1960 (theaters, hotels, etc.). Larry: 60. Married, 4 sons. Considered behind-scenes financial whiz. Bob: 57. Married, 2 sons, 1 daughter. Acts as front man, troubleshooter. "Larry frowns and Bob smiles, but they're the hottest brother team in American business." Inseparable: live close together, dine together, play tennis together, share limousine; share 45% Loews. Run co. with "candy store" management style: free-flowing communication, modest headquarters. Well regarded on Wall Street as canny, cash-flow-and-fundamentals investors. With stock, real estate, etc., each brother worth minimum $400 million. Larry: "Your standard of living doesn't change after the first million."

Malcolm Purcell McLean

Trucking, shipping. NYC. 69. Married, 3 children. Poor farm boy, put $30 down on used truck in Depression North Carolina; built McLean Trucking into one of largest haulers U.S.; sold 1955 for $6 million. Invented cargo containerization, revolutionized shipping industry. Sold Sea-Land Service Inc. 1969 for $160 million profit. Bought real estate, including Pinehurst resort, N.C.; invested in corporate farming. Acquired U.S. Lines 1978, built up, took public as McLean Industries, Inc. August 1983. Holds 92% of stock, plus other investments, worth over $400 million. "Don't get out of bed in the morning unless you can compete. Otherwise you're going to waste the day."

Nicholas Deak

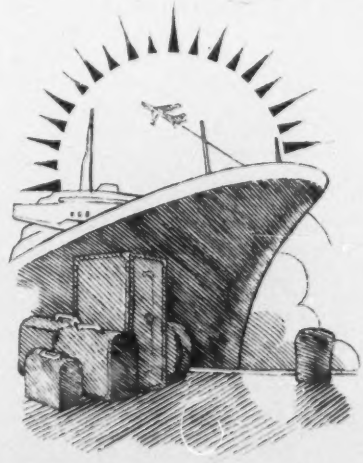
Banking. Scarsdale, N.Y. 77. Married, 1 son. Born Hungary; Swiss Ph.D. in economics and finance 1929. Emigrated to U.S. 1939, became economics professor. Acquired citizenship 1943 "despite my accent." Headed OSS unit during WWII, accepted Japanese surrender in Burma 1945. Put classroom theory into practice 1946 as Deak & Co. Now has over 80 foreign exchange and banking offices worldwide (Deak National Bank in Fleischmanns, N.Y., Bankhaus Deak & Co. in Switzerland and Austria, etc.). Now looking to sell retail operations of Deak-Perera subsidiary to raise cash. Deak prefers gold: "I'd rather be a goldbug than a paper worm." Minimum net worth: $400 million. Still runs several miles every day.

Kirk Kerkorian

Trading, investments. Las Vegas and Los Angeles. 66. Twice divorced; 2 children by second wife. Bought, sold $100 junk cars 1930s, $10,000-to-$100,000 DC-3s after WWII; built airline to support his trading, sold to Transamerica 1968 for $104 million. Broke even buying, selling Western Airlines 1970s. Big profit in Columbia Pictures battle 1981. Has half interest MGM/UA Entertainment, MGM Grand Hotels. Celebrated high roller. After deducting leverage, stock worth at least $400 million.

Sol Goldman

Real estate. NYC. 66. Married, 4 children. Goldman-DiLorenzo once NYC's largest, most leveraged landlord. Controversial. Almost destroyed by 1973-74 real estate debacle. On partner's death (1975), Sol and Alex DiLorenzo's sons split remaining three-fifths of holdings by flipping quarters for parcels. "We left it to chance—there was no other way to do it." Now owns hundreds of properties; receives daily offers from dozens of brokers. Buys on the spot, at least once each week. With extensive stock portfolio, government securities, minimum net worth is $400 million.



Robert O. Anderson

Oil, land. Roswell, N.M. 66. Married, 7 children. Father first banker to lend on oil in ground; Robert borrowed $50,000 in 1941, invested in "teapot" refinery. Drilled 200 dry holes until big strike 1957; bought ($4 million) and sold ($25 million) Wilshire Oil; bought 1.1 million acres (bigger than R.I.) in N.M., Tex., Colo. Sold refinery to Arco 1962, went on board. Appalled: top management not oilmen. Became CEO 1965. "Stick to what you know and your chances of success are much better." Visible assets worth $400 million.

Robert W. Galvin

Motorola. Barrington, Ill. 60. Married, 4 children. Father Paul founded Motorola 1928 on $565 with idea "from God" to make car radios. Only son, groomed from childhood, became chairman 1959. Expanded company enormously, became leading producer microprocessors 1970s. Now chairman, President's Advisory Council on Private Sector Initiative. With wife, has some 3 million Motorola shares, worth over $400 million.

Haroldson Lafayette (Hassie) Hunt III

Inheritance. Dallas. 66. Unmarried, no children. Eldest son of, closest look-alike to, H.L. Hunt; was good "oil finder." One of few times father wept publicly: admitting Hassie was mentally ill. But his trusts, controlled by brothers and sisters *(see other Hunts, Hill, Schoellkopf)*, continue; believed to be worth at least $400 million.

Charles G. Koch

David H. Koch

William I. Koch

Frederick Koch

Brothers. Oil. Charles: Wichita, Kans. 47. Married, 3 children. David: NYC. 42. Single, no children. Twin William: Boston. Married, no children. Frederick: NYC. 52. Single, no children. Charles and David own at least three-quarters of Koch Industries, estimated revenues over $14 billion from oil, pipelines, refinery construction, ranching, etc. Charles runs company; David,

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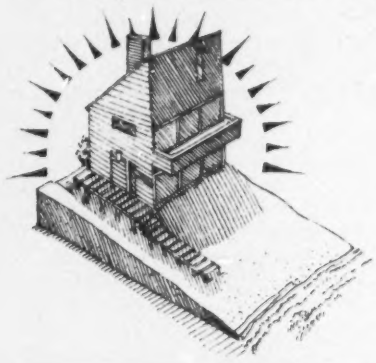
exec. v.p.; William and Frederick bought out earlier this year for undisclosed sum. Father Fred, 1 of 3 founders of Koch, was charter John Bircher. Charles' and David's politics: Libertarian Party (David ran for vice president 1980). Joint net worth: minimum $1.5 billion. Charles: "We want to perform a useful function and make a profit."



Michel Fribourg

Grain trader. NYC. 70. Married, 5 children. With 3 sisters, 5th generation of Belgian grain trading family. Hitler made relocation to U.S. essential. Does over 20% world grain trade as 90%-owned Continental Grain. Home reflects love of all things French. Also 3.3 million shares Overseas Shipholding Group. Known assets worth over $375 million.

Leon Hess

Amerada Hess. NYC. 68. Married, 3 children; a son in the business. Started in father's fuel oil delivery business, Perth Amboy, N.J., at 18; now it's Amerada Hess, $8.3 billion revenues. Leon owns over 10 million shares, is CEO. Considered tough (Employees: "*H*olidays, *E*venings, *S*aturdays and *S*undays"), aggressive, brilliant, loner. Owns about one-third Monmouth racetrack; also N.Y. football Jets. Minimum net worth: $375 million.

Henry John Heinz II

H.J. Heinz Co. Pittsburgh. 75. Divorced, remarried 1953; 1 son. Grandson of founder, who, at 16, learned that housewives would pay for convenience (he grated, bottled horseradish for resale). H.J. Sr.: "Work brings money; always plough back; luck may help a man over a ditch—if he jumps well; to do a common thing *un*commonly well." H.J. II ran company 1941-66, brought in nonfamily management 1966, broadened company horizons. Now chairman, only family member in company. Controls 7.9 million shares. With cumulative dividends, minimum net worth is $375 million. Son, H.J. III, senator from Penna., listed assets 1980 at $30 million.

John Willard Marriott

Marriott Corp. Washington, D.C. 83. Married, 2 sons. Poor Mormon, raised sheep, put self through college selling woolen underwear. With wife Alice, opened root beer stand 1927. Learned restaurants well; built Hot Shoppes chain. Paid his help well, stayed nonunion. Added first hotel 1957. Enter John Jr. 1956; made president 1964; upgraded, expanded, took Marriott national (now 123 hotels, $3 billion revenues). Both sons run company (Richard handles restaurants), but father still chairman, mother still VP. Immediate family's 19% interest worth $373 million.

Henry Crown

Lester Crown

Father and son. Industrialists. Chicago. 87, 58. Henry: remarried widower, 3 children, 1 deceased. Lester: married, 7 children. Henry, son of Latvian immigrant, high school dropout, built up small building materials company starting 1919, merged 1959 with General Dynamics for stock. Spearheaded rescue of GD 1960s. Also substantial investments real estate (once owned Empire State Building), other companies (Esmark, Vulcan Materials). Control of fortune passing to Lester (now executive v.p. at GD), while Henry remains ruling patriarch. "My aim is to make my net worth less at the end of each year than it was at the beginning." Joint net worth should exceed $725 million.

Robert Edward (Ted) Turner

Turner Broadcasting System. Marietta, Ga. 44. Divorced, remarried, 2 children by first marriage, 3 by second. Booted from Brown University: female found in fraternity room. At 24 took over late father's bankrupt billboard company, sold space aggressively to rescue legacy. Parlayed into TV stations. Acquired 87% Turner Broadcasting 1974; Atlanta baseball Braves 1976; pioneered satellite cable TV news network 1980, now in 20 million households. Company has negative net worth but shares increased twentyfold. Champion yachtsman; canny opportunist; full of braggadocio: Talks about merging with, taking over major network. Stock worth $355 million.

Clint W. Murchison Jr.

Oil, investments. Dallas. 59. Divorced, remarried, 4 children by first marriage. Son of famous Texas oilman and one-man conglomerate Clint Sr. (d. 1969). ("Money is like manure. You have to spread it around.") Clint Jr. and late brother John (d. 1979) did: 33% Centex, 32% Kirby Exploration, 100% Dallas football Cowboys, ranch land, real estate, etc. Visible assets worth over $350 million.

Oveta Culp Hobby

Broadcasting, publishing. Houston. 78. Widowed, 2 children. Ran for state legislature at 25, lost. Married following year to former governor and Houston *Post* publisher William Hobby (d. 1964). Became coeditor, publisher 1952; added radio, TV stations; co. now H&C Communications. Assertive; distinguished; headed Women's Army Corps in WWII; first HEW Secretary under Eisenhower. Son William Jr. current Texas lt. governor. H&C wealth in names of Hobby heirs, but largely controlled by her, worth at least $350 million.

Joe Lewis Allbritton

Broadcasting, publishing, banking. Houston & Washington, D.C. 58. Married, 1 son. Father owned cafes in Houston. Son became millionaire 8 years out of law school buying 400 acres Houston on bank loans; still owns large portion. Bought, sold other businesses, built small chain 6 daily newspapers. Recently paid $81 million cash for 2 TV stations; now owns 5. Also 41% Riggs National Bank, 100% Perpetual Corp. (life insurance, funeral homes, land), 2 Houston banks, etc.

Has reputation for rescuing sick newspapers; likes to collect art. Despite considerable debt, minimum net worth $350 million.

Jeno F. Paulucci

Food processing, real estate. Sanford, Fla. and Duluth, Minn. 65. Married, 3 children. Son of poor Italian immigrants from Minnesota mining town; borrowed $2,500 in 1944 to make canned Chinese food. Proved brilliant promoter; sold Chun King 1966 for $63 million. Set up Jeno's, maker frozen pizza, snacks 1967; gave to children. Planning 2,000-acre community near Orlando; has 5,000 other undeveloped Fla. acres, plus real estate Minnesota, Canada, Italy; other investments. Family's minimum net worth: $350 million. "I sure as hell am never gonna be poor again."

John Jeffry Louis Jr.

Inheritance. Winnetka, Ill. 58. Married, 3 children. Former director various corporations (Gannett, Butler International), trustee several schools including Northwestern University. Major Republican check writer. Currently U.S. Ambassador to the United Kingdom. Mother was a Johnson of Johnson Wax; he has 30% of stock in that privately owned company, worth at least $300 million *(see also Samuel Curtis Johnson)*; at least $50 million other investments.

John H. Krehbiel Sr.

Molex Inc. Downers Grove, Ill. 77. Married, 2 sons. Father, Fred, and brother, Ed, founded small manufacturing co. 1938 using Molex—light, inexpensive plastic. John Sr. joined 1940, became president 1947. Switched from commercial to electrical products. Now leading manufacturer electrical and electronic terminals, connectors, switches. Majority of sales overseas. John Sr. chairman, both sons in business. "The family-controlled business worked out very well, so why on earth should we change it?" Controls 5 million Molex shares worth $343 million.

Sydney Mark Taper

First Charter Financial Corp. Los Angeles. 81. Widower, 3 children. Says was born in England of continental parents. Arrived Calif. 1939 with some capital, skill at land development. Founded First Charter 1955; grew with Calif.; took public 1959. Very conservatively run. Despite revolving-door management, was 3rd-largest S&L in U.S.; merged earlier this year with more daring Financial Corp. of America: "A marriage between the old lady and the swinger." Taper's 35% of the "old lady" brought over $285 million. With other assets, minimum net worth is $325 million.

William Barron Hilton

Hilton Hotels. Los Angeles. 55. Married, 8 children. College dropout. Turned down job from father Conrad: salary too low. Worked as hotel bellman, Navy photographer; then proved self with small business ventures; hired by father 1954. Became president 1966. Founded football Chargers 1960 (still owns 20%). On death of father 1979 inherited option to buy 6.8 million shares Hilton Hotels on installment note: Present value of stock arrangement worth $325 million. Conrad's will contested by half-sister, Francesca, daughter of Zsa Zsa Gabor. She lost.

Gordon E. Moore

Intel Corp. Santa Clara, Calif. 54. Married, 2 children. As newly minted Caltech Ph.D., recruited by William Shockley, co-inventor of transistor, 1956. Left 1957 to cofound Fairchild Semiconductor. Started Intel 1968 with approximately $2 million backing *(see Arthur Rock)*; introduced silicon gate metal oxide semiconductor, the basic chip technology. "We make computer users out of people who don't know what a computer is." Moore's Intel stock worth over $315 million.

Daniel Crow Searle

William L. Searle

Suzanne Searle Dixon

Brothers and sister. Inheritance. Chicago area. 57, 55, 52. All married, each 3 children. Fourth generation involved G.D. Searle & Co. (Daniel chairman, others directors). Father John G. built drug company to eminence, awe-inspiring profitability 1936-66. Tried, failed to merge to get good successor management. Daniel, CEO 1966-77, presided over deep tailspin, brought in former Defense Secretary Donald Rumsfeld 1977; dramatic recovery since. Their family stock, mostly in trusts, worth $930 million.

Jackson T. Stephens

Witton R. Stephens

Brothers. Investment banking, oil and gas. Little Rock, Ark. Witt: 74. Widowed, remarried, 3 children. Jack: 60. Divorced, remarried, 5 children. Witt sold belt buckles, Bibles, suspenders for many years, began buying depressed Arkansas municipal bonds 1933. Founded Stephens, Inc.; Jack joined 1946. Now largest investment bankers off Wall Street. Witt: "Professional country boy," Arkansas kingmaker. Jack: "None of his brother's charm"; taking over as Witt ages. Extensive oil and gas holdings. Brothers share estimated $600 million or more.

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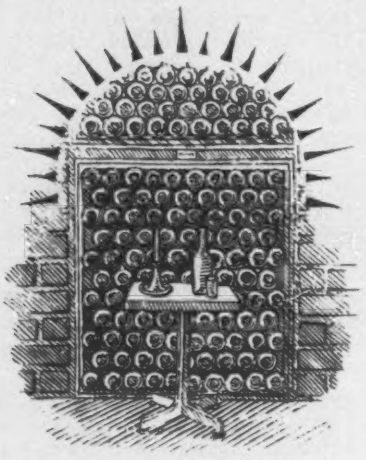

William Garrard Reed Sr.

Timber. Seattle. 75. Married, 3 children. Grandfather Sol founded Simpson Timber 1890; was "sleepy lumber company" until after WWII, when William began aggressive expansion. Retired suddenly 1971 (2 years early), put son William Jr. in charge; left most of his boards. Has given substantially for throat and laryngeal disorders. With family, still owns about 90% of Simpson. Despite 1982 "net loss" of $18 million, understated book value, company believed to hold at least 150,000 acres redwood, 250,000 other in U.S.; also Canada. Must be worth well above $300 million. Extremely secretive.

Arthur Charles Nielsen Jr.

A.C. Nielsen Co. Winnetka, Ill. 64. Married, 3 children. Nielsen Sr. (d. 1980) founded market survey firm 1923. During Depression, found people claimed to buy prestige Lux soap, really bought proletarian Lifebuoy. Decided to count sales, not words. Result: dominant company measuring grocery sales, TV ratings. Jr. took over 1976. Ownership of 3 classes of stock (one not traded) worth at least $300 million.

Ernest Gallo

Julio Gallo

Brothers. Wines. Modesto, Calif. 74, 73. Both married, 2 children each. Started in a shed 1933 with patience, determination and $5,900; now largest U.S. vintner (over one-quarter of all wine sold). Integrated manufacturer: they grow, squeeze, bottle, distribute and collect; industry's price leaders. First to hire research chemists, automate, computerize. Friendly Julio makes the wine, tough Ernest makes the profits. "If you tell Ernest it's a nice day, he'll ask you why." No public tours. Minimum joint net worth: $600 million.

Ray Lee Hunt

Ruth Ray Hunt

Ruth June Hunt

Helen Hunt Hendrix

Swanee Hunt

Inheritance, oil, real estate. Dallas area, except Swanee in Denver. Ray Lee: 40. Married, 5 children. His mother, Ruth Ray: 66. Widowed. Sister Ruth June: 39. Unmarried, no children. Sister Helen: 34. Divorced, 2 children. Sister Swanee: 33. Married. The 2nd family of legendary oilman H.L. Hunt, who legitimized family by marrying Ruth Ray 1957, after death of first wife 1955 (long kept families secret from each other: *see other Hunts, Schoellkopf, Hill*). Inherited Hunt Oil Co., other properties 1974. Women active in religious affairs: Ruth June works as professional Christian speaker-singer, Swanee as lay minister. Ray manages business affairs; turned around ailing Hunt Oil, expanded exploration, undertook vast real estate development in and around Dallas—especially skyline-dominating Reunion Center—started *D* magazine. "I decided long ago that I'm not going to compete with my father's success, or my brothers', or anybody else's." Mother's $250 million inheritance now a shared fortune of at least $1 billion; Ray's share at least $300 million.

John T. Lupton

Coca-Cola bottler. Chattanooga, Tenn. 57. Married, 4 children. Grandfather John T. used bit of patent medicine fortune and two partners to finance first Coke bottling plants 1899; died 1933. Father Carter ran business until he died in 1977, bought and sold Coke franchises at frenzied pace. John started 1954. Now largest U.S. bottler: Houston, Dallas, Ft. Worth, Austin, Phoenix, Denver; volume $500 million. Hires best people and pays well: "Jack dreams the dreams, but he wants somebody else to handle the details." Minimum net worth: $300 million.

William C. Cox Jr.

Jane Cox MacElree

Brother and sister. Inheritance. Great-grandchildren of Clarence Barron *(see Jane Bancroft Cook)*, who built up *Wall Street Journal, Barron's*, Dow ticker. Bill: 52. London. Married, 4 children. On board of Dow Jones & Co., serves as executive director European operations. Jane (Mrs. Lawrence E. MacElree): Newtown Square, Penna. 54. Remarried, 7 children. Has raised money for Philadelphia charities. Since death of mother, Jessie B. Cox (1982), they preside over family trusts of Dow Jones stock worth $600 million. Disputed by them.

Albert B. Alkek

Oil. Victoria, Tex. 72. Married, 1 son, 1 daughter. Borrowed $250 from rancher-father to try his luck in oilfields. First well, 1939. Met mentor-patron Harry F. Sinclair (founder Sinclair Oil) 1941; merged, became Sinclair-Alkek 1948. Bought out Sinclair 1952. A major Wall Street plunger: By 1965, annual volume Alkek's personal stock trades $75 million. Brags he made more than $1 million on some days, credits success to wife. Minimum net worth: $300 million.

Walter Herbert Shorenstein

Real estate. San Francisco. 68. Married, 3 children. Born on Long Island, N.Y.; demobilized 1945 in S.F. with pregnant wife, termination pay. Got commission job as salesman for Milton Meyer & Co. Became partner 1951; sole owner since 1960. Builder numerous highrises S.F. financial district; also Los Angeles, Kansas City, Houston. Manages properties worth over $2 billion. Owns outright nearly 4 million sq. ft. office space; 3 S.F. theaters run by daughter. "Checkbook Democrat"; has enemies but mild-mannered. Minimum net worth: $300 million.

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Elbridge Hadley Stuart Jr.

Dwight Lyman Stuart

Brothers. Inheritance. Grandsons of Elbridge Amos Stuart, founder Carnation Co. 1899. Paid $25,000 for method of making good evaporated milk, sold product personally, six cans at a time when necessary, until accepted in market. Elbridge Jr.: Bellevue, Idaho. 66. Married, 1 son. Rose to v.p. Carnation, quit 1961 over autocratic practices of CEO father, Elbridge Sr., who resigned 1971 (d. 1972). Raises cattle, alfalfa. Wife (Marion Butler Stuart) noted paleontologist. Dwight: Los Angeles. 59. Divorced, remarried, 3 sons by first marriage, 2 by second. Company president 10 years under Chairman and CEO H. Everett Olson (not related to family). Dwight controls family shares worth at least $300 million; Elbridge, at least $265 million.

Leonard Marx

Real estate. NYC. 78. Married, 3 children. Graduated Yale 1920s, became broker. Dealt in chain-store properties, switched to shopping centers. Now owns downtown real estate in various cities (some $50 million worth in NYC alone) and shopping centers. Highly secretive, very smart: "I'm not very smart and have mediocre ability. I make up for it with hard work." Knowledgeable peers say net worth is minimum $300 million, denied by him.

John Werner Kluge

Metromedia. NYC area. 68. Married, 2 children. German-born; moved with American stepfather to Detroit 1922. Put self through Columbia ('37). After WWII, started Washington, D.C. radio station; also distributed Fritos, food, silver polish; bought real estate. Other ventures. Bought control DuMont Broadcasting 1958; now called Metromedia, Inc. (has 7 TV, 13 radio stations, Harlem Globetrotters, Ice Capades, etc.). Stock recently split 10-for-1. His 25% interest worth $300 million.

Abby Milton O'Neill

Mrs. George D. O'Neill. Inheritance. Oyster Bay, N.Y. 55. Married, 6 children. Great-granddaughter of oilman John D. Rockefeller, niece to David and Laurance, daughter of Abby Rockefeller Mauzé (d. 1976). Very active in civic affairs and charities, particularly counseling for adolescents and families. Her estimated interest in Rockefeller family trusts, other assets: at least $300 million.

Richard Marvin De Vos

Jay Van Andel

Partners. Amway Corp. Ada, Mich. 57, 59. Each married, 4 children. Next-door neighbors, high school buddies; after WWII tried to run a flying service, then a hamburger stand, then buy and sail a schooner to Cuba (it sank). Started Amway 1959 in their basements; sales now $1.5 billion. Recruit housewives, etc., à la Avon; peddle soap while preaching free enterprise, American Dream. Claim 1 million "distributors" in 40 countries and territories. Real money is in finding recruits, getting override, building the structure. If you make it, Amway profits; if you fail, Amway profits anyway. De Vos, "Mr. Outsider," proselytizes; Van Andel, "Mr. Insider," plans strategy. Equal partners in company worth at least $600 million.

Carlton Beal

Oil. Midland, Tex. 67. Married, 4 sons in business. MIT graduate 1945. Cofounded BTA Oil Producers 1952; bought out partner, fellow-Midlander "Moose" Trobaugh, mid-1960s. Oil reserves Texas, Louisiana, Oklahoma, New Mexico worth at least $300 million.

John L. Cox

Oil. Midland, Tex. 58. Married, 1 son, 1 daughter. Petroleum engineer from 1946 working for others, said "I can do this on my own" 1952. Settled in Midland. Major operations in Sprayberry Trend in west Texas, now among the largest private oil producers in Texas. Also smaller interests New Mexico, Oklahoma. Minimum net worth: $300 million. Cox: "Where the devil did you get something like that?"

Jack Parker

Real estate. NYC. 68. Married, 2 children. Son of blouse manufacturer; started in Depression as lumber salesman, established own lumber company. Switched to Jack Parker Construction 1954, built suburban homes, then took big risk: huge luxury apt. complex in Forest Hills, N.Y. (Parker Towers). It worked. Expanded into Manhattan, N.J., Fla. 1960s. Built now extremely profitable Parker-Meridien Hotel midtown Manhattan; planning another for White Plains, N.Y. Also cooping nearly all his 2,500 apts. on Manhattan's East Side. Twice Long Island Seniors golf champ. Minimum net worth: $300 million.

Arnold Bernhard

Investment advice. Westport, Conn. 81. Married, 2 children. Quit as *Time* magazine drama critic 1928 to work with legendary speculator Jesse Livermore. Livermore went on to suicide; Arnold to *Moody's*, founded *Value Line Investment Survey* 1936: "I had to find some rational way of evaluating stocks." Once lived above company in midtown Manhattan town house; has a Westport, Conn. mansion. Took Value Line, Inc. public earlier this year, kept 8.1 million shares. With significant investment portfolio, other assets, minimum net worth $300 million.

Henry Earl Singleton

Teledyne. Los Angeles. 66. Married, 5 children. Educated as an electrical engineer, learned conglomerating from "Tex" Thornton at Litton Industries 1954-60. Went out on own with $225,000, Litton colleague (and centimillionaire) George Kozmetsky, and backing from venture capitalist Arthur Rock *(ubicb see)*; built Teledyne

conglomerate 1960s. Quit acquiring around 1970, switched to internal growth, paid down debt. Rejected Wall Street dogma by buying in shares starting 1972. Chess buff with photographic memory. Has 7.8% Teledyne, 2% Apple Computer, etc., worth $275 million.

Alexis Felix du Pont Jr.

Alice Francis du Pont Mills

Brother and sister. Inheritance. Children of A. Felix Sr., distant cousin who sided with Pierre in family split 1914 *(see Pierre S. du Pont family, du Pont family)*, got 8% Christiana Securities. A. Felix Jr.: Kennett Pike, Del. 77. Divorced, remarried; 3 children by first wife, 1 by second. Early test pilot, executive in several smaller aircraft companies, now retired; once built cradle in private plane for infant son. Alice (Mrs. James Paul Mills): Hobe Sound, Fla. 70. Married, 3 children. Raises horses; daughter married artist Jamie Wyeth. Estimated net worth, brother and sister: $275 million each. (Brother Richard Chichester, noted pilot killed in WWII glider crash, left 2 children, widow; inheritance could also be $275 million by now.)

Betsey Cushing Whitney

Inheritance. Manhasset, N.Y. 75. Divorced, widowed, 2 children by first marriage. Daughter of noted brain surgeon Harvey Cushing. First husband, James Roosevelt, eldest son of FDR; divorced 1940. Remarried 1942, John Hay (Jock) Whitney, last publisher of *New York Herald Tribune* and heir to vast 19th-century fortune (oil, tobacco, street railways, land). On his death, Feb. 1982, she inherited nearly all (media interests, real estate, art, etc.), worth minimum $275 million. Active in philanthropy; lives on Greentree, 500-acre Long Island estate.

Howard B. Keck

Willametta Keck Day

William Keck II

Superior Oil Co. William Keck Sr. was legendary oilman, founded Superior: among first to drill offshore Louisiana, among first into Venezuela. Son Howard: Los Angeles. 70. Married, 4 children. In old man's shadow until his death 1964; tough-as-nails CEO 1964-81. His sister Willametta: Reno, Nev. 67. Divorced, 4 children. Inactive until recent feuding with Howard: Won proxy vote to facilitate takeover. Their nephew William II: Los Angeles. 41. Divorced, 3 sons. Son of 3rd sibling William Keck Jr. (d. 1982), executor of father's will, sided with aunt in feud. Howard's stock worth $273 million, Willametta's $168 million, William II's $187 million.

Sigfried (Siggy) Weis

Robert F. Weis

Weis Markets, Inc. Sigfried: Lewisburg, Penna. 67. Robert: Sunbury, Penna. 64. Cousins. Both married, each 3 children. Their fathers started little corner grocery 1912. Now 113 supermarkets, mostly in depressed central Penna.; margins are more than 5 times industry average. Siggy's secret: "It's very simple. We have superior management." Careful controls on cost, quality and especially vendor and employee "shrinkage." Mild-mannered Siggy, president, collects antiques, has shares worth $270 million; behind-the-scenes Robert, v.p. and treasurer, has shares worth $215 million.

Philip H. Knight

Nike Inc. Beaverton, Ore. 45. Married, 2 sons. Wrote Stanford 1963 M.B.A. paper on track shoes, later teamed up with college track coach to sell running shoes 1965. Knight's personal best: 4:13 mile. Got U.S. Olympic runners to test his design 1972. Today's marketing approach: name athletes, celebrities dressed in Nikes. Revenues 1982: $694 million. "We're just a bunch of guys selling sneakers." 15.5 million Nike shares, other assets, worth at least $265 million.

William Clay Ford

Henry Ford II

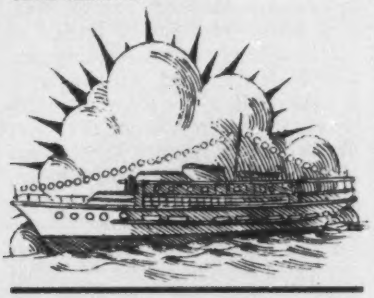
Josephine C. Ford

Brothers and sister. Grosse Pointe, Mich. Surviving grandchildren of *the* Henry Ford. Base of fortune: 10.8 million shares Class B stock Ford Motor Co. (10% of common shares, 40% of voting stock). Henry II: 66. Twice divorced, remarried, 3 children by first wife. Current patriarch. Joined ailing Ford Motor Co. 1943 after Navy. Mother threatened to sell her shares 1945 if Henry II not made president; grandfather Henry I changed will, retired; Henry II took over at 28. Led company 34 years. Passed over son Edsel II, then 30, in succession 1979; chose first non-Ford. Sold 4% stake Irvine Ranch this year to Donald Bren *(which see)* for at least $40 million. With immediate family, other interests, minimum net worth $175 million. Josephine (Dodie): 60. Married, 4 children. Husband Walter B. Ford II unrelated by blood; active in Detroit Institute of Arts. Immediate family's shares worth at least $150 million. William: 58. Married, 4 children. Long overshadowed by brother Henry II, named chairman Ford executive committee 1978. Divides time between Ford, Detroit football Lions (bought for $6 million 1961), personal golf course Florida. For 6 days 1976, Eugene McCarthy's running mate. Wife is Martha Firestone. Minimum net worth: $260 million.

Richard Raymond Rogers

Mary Kay Cosmetics. Dallas. 40. Divorced, remarried, 3 children. Mother Mary Kay Ash started cosmetics company 1963 to avoid retirement boredom ("I lived across the street from a mortuary, and I

almost called them"). She had sales background, adapted cosmetics formula from foul-smelling tanner's cream (used to soften leather), had idea of home parties à la Tupperware. Mary Kay Cosmetics now has some 4% of the retail cosmetics market (Ash: "96% of the people are using the wrong product"). Son became president 1968, stock gradually passing to him. Mother and son's 4.7 million shares worth $252 million.



Pierre Samuel du Pont III

Mary Belin du Pont Faulkner

Esther Driver du Pont Thouron

Edith du Pont Pearson

Willis Harrington du Pont

Inheritance. Surviving children of Lammot du Pont, brother and key associate of Pierre Samuel; president Du Pont company 1926-40, chairman 1940-1948; d. 1952 *(see Pierre Samuel du Pont family, du Pont family).* Pierre III: Greenville, Del. 72. Married, 3 children. Rose to v.p. Du Pont company, resigned under pressure after outside business failures. Passionate yachtsman. Son Pierre IV present governor Del. Mary (Mrs. James Morison Faulkner): Boston area. 76. Married, 7 children. Obscure. Esther (Lady John Thouron): Unionville, Penna. 75. Divorced, remarried. Second husband knighted 1976 for British-U.S. student exchange. Edith (Mrs. George Burton Pearson Jr.): Greenville, Del. 71. Widowed, remarried 1968; 5 children by first marriage. Husband prominent Del. attorney. Willis: Palm Beach, Fla. 47. Married, 3 children; son of Lammot's fourth wife (siblings by first). Citrus, cattle, banking investments in Fla. Robbed in Miami home 1967 of $1.5 million rare coins. Siblings believed to share roughly equally in father's estate; Pierre III's worth probably lower because of business losses. Fortune now at least $1.25 billion.

Doris Duke

Inheritance. Somerville, N.J. et al. 71. Twice divorced; 1 child, deceased. Daughter of James Duke, self-made founder of American Tobacco Co. Inherited $70 million at age 13; became object of relentless press scrutiny: "I wish I could go into a store and shop for things just as a girl." Sole contributor of the Newport Restoration Foundation in Newport, R.I., which restores 18th- and 19th-century homes. Major beneficiary of the Doris Duke Trust; her interest and other assets worth at least $250 million.

William Randolph Hearst Jr.

Randolph Apperson Hearst

David Whitmire Hearst

George Randolph Hearst Jr.

Phoebe Hearst Cooke

Inheritance. Children (and grandchildren) of William Randolph Hearst (1863-1951), inheritors of Hearst newspaper-magazine-TV-real estate empire. Gained control 1974, despite WRH's will, by having foundations sell out to family trust. William Jr: NYC. 75. Twice divorced, remarried; 2 children. His column won Pulitzer 1956; now heads key family trust. Brother Randolph: San Francisco and Paso Robles, Calif. 67. Divorced, remarried, 5 daughters by first wife. Heads flagship San Francisco newspapers. Brother David (Randolph's twin): Beverly Hills. 67. Married, 2 children. Ran Los Angeles *Herald-Express* 1950-60, semiretired from age 45; plays golf; reclusive. Nephew George Jr.: Los Angeles. 56. Divorced, remarried, 4 children. Ran Los Angeles paper (renamed *Herald-Examiner*) 1962-77; then moved to oversight of real estate. Niece Phoebe (Mrs. Amory "Jack" Cooke): George's twin. Woodside, Calif. 56. Divorced, remarried, 1 daughter. With current husband, played large role in fight to gain control Hearst Corp.; now company director. Each brother has 20% interest in minimum $1.25 billion family trust. George and Phoebe share 20% from father George Sr. (d. 1972). Remaining 20% held by 4 children John Hearst Sr., who died 1958 *(see also John Hearst family).*

Paul Kalmanovitz

Beer, real estate. Tiburon, Calif. 77. Married, no children. "Mr. Paul" arrived from Poland age 20 with little schooling, no money. Washed cars, learned English; later managed, then bought into, restaurants, apt. houses. Took over Los Angeles' 102 Brewery in 1950 real estate swap. Today controls Falstaff, Pearl, General Brewing; recent unsuccessful bid for Pabst. Secret is low overhead/advertising/prices for popular regional beers. Extremely patriotic; reclusive; litigious; reputation for keeping his word: "If he shakes your hand, that's enough of a contract." With land, other interests, net worth in excess of $250 million, all willed to charity.

Jane Engelhard

Inheritance. Far Hills, N.J. Mid-60s. Twice widowed, 5 daughters. Married Charles Engelhard 1947, the legendary "Platinum King" (Engelhard Minerals & Chemicals), racehorse enthusiast, art collector, prototype for James Bond character Goldfinger. Traveled together in private transoceanic jetliner worldwide; spent lavishly. He built $20 million inheritance into estimated $300 million estate; d. 1971. Her minimum net worth: $250 million.

Marshall Field V

Frederick V. (Ted) Field

Half-brothers. Inheritance, media. Sons by different marriages of Marshall IV, who inherited Field Enterprises from his father Marshall III; built into one of largest U.S. media concerns (Marshall Field & Co. department stores sold long ago by family). Now dissolving; selling Chicago *Sun-Times*, TV stations, cable operations, syndicate, etc. Marshall: Chicago. 42. Divorced, remarried, 4 children. Acts as chairman; planning real estate ventures, et al. Ted: Los Angeles. 31. Recently separated, 1 child. Company di-

rector, but decided to cash in chips, pursue motion pictures, real estate, race cars. Each owns over 40% Field Enterprises (sisters have non-voting interests). Each worth at least $250 million. "Great wealth," notes Marshall, "is certainly more fun than not having anything."

Jack Rudin

Lewis Rudin

Brothers. Real estate. NYC. Father Samuel and brothers founded Rudin Management 1924 to run handful of tenements. Jack: 59. Married, 3 children. Lewis: 56. Divorced, remarried, 2 children. Both joined firm 1946; today own 4,000 apt. units in 25 buildings, 6 million sq. ft. office space. Long-held family philosophy: Never sell. But interest rates, rent guidelines now forcing them to co-op: "We have been the lone holdout, and we can't handle it anymore." Civic-minded: Jack chairs NYC Marathon committee (gives annual "Rudin Trophies"); recently appointed to new Sports Commission. Lewis: founder-chairman Association for a Better New York. Share minimum net worth of $500 million.

Larry Fisher

Zachary Fisher

Brothers. Real estate. NYC. Late 60s. Larry, elder. Both married; each 1 child. Third generation of family in NYC real estate (Park Ave. Plaza, Stevens Tower, Burlington Bldg., et al.); numerous sons, nephews, cousins in business. Secretive. Own roughly 5 million sq. ft. office space. Respected for good architectural sense; when Daniel Ludwig *(which see)* left NYC real estate circa 1972, kept interests with Fishers. Follow "3 basic rules of the trade: location, location and location." Larry: tough negotiator; baseball fanatic. Zachary: bankrolled effort to turn 900-ft. aircraft carrier *Intrepid* into floating NYC museum. Share minimum net worth of $500 million.

Gerald Douglas Hines

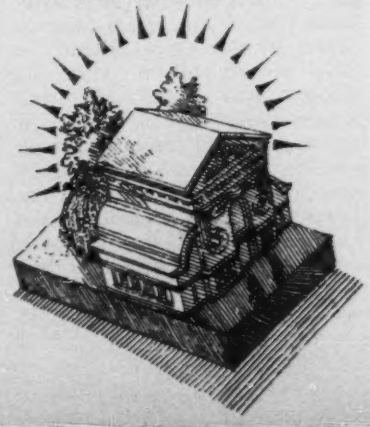
Real estate. Houston. 58. Married, 2 children. Was building systems engineer 1950s. Real estate sideline became full-time occupation in 1957. Worth $6 million 1966 when managed to win bid to build Shell Oil's 50-story Houston HQ. Later built famed Galleria, etc., went nationwide 1970; now owns 66 million sq. ft. of commercial space. Often has half-interest equity partners. Minimum net worth: $250 million.

Lila Acheson Wallace

Publishing. Mt. Kisco, N.Y. 92. Widowed, no children. Helped late husband DeWitt (d. 1981) start *Reader's Digest* 1922 on borrowed $1,800 in Greenwich Village basement under speakeasy. Conceived digest formula "out of the blue": condensed middlebrow stories of inspiration, success, health, humor, etc. Now world's largest audience (18 million U.S., 13 million abroad), in 16 languages. Company also owns electronic information service, mail-order books and records; lately branching into TV programming. Total revenues over $1 billion. She has 37.5% interest (rest in foundations), plus art collection. Minimum net worth: $250 million.

Carl H. Lindner II

Banking, insurance. Cincinnati. 64. Married, 3 sons. High school dropout, started small milk store 1940, branched into ice cream. Built United Dairy Farmers to 200-plus chain. Entered savings and loan business 1950s as American Financial Corp.; added casualty insurance 1971. Went private 1981. All moves highly leveraged. Now AFC assets over $4 billion, Lindner's equity $200 million. Still owns dairy chain; has valuable real estate, banking interests, other. Minimum net worth is $250 million.



Vivian L. Smith

Inheritance. Houston. 77. Widowed, 2 daughters. Husband R.E. (Bob) Smith started in oil, used profits to buy land in Harris County (in and around Houston) starting 1950s: "I believe completely in inflation." At one point owned 17 square miles inside city limits, including the land under the Astrodome, ranches elsewhere. Believed to be worth $500 million at death 1973. Despite taxes, etc., her trusts should well exceed $250 million.

Clarence Scharbauer Jr.

Inheritance. Midland, Tex. 58. Married, 4 children. Father settled in Midland 1889, became leading citizen: built the hotel, ran the bank, etc. As rancher, needed many acres to support each cow in dry west Texas climate. Acquired thousands of acres, some on Permian Basin, one of richest oil provinces in U.S. Clarence Jr. probably most powerful man in Midland. Largest shareholder of troubled First National Bank of Midland. Minimum net worth: $250 million.

William S. Paley

CBS, Inc. NYC and Southampton, N.Y. 82. Divorced, widowed, 4 children, 2 stepchildren. Grandfather had prosperous lumber firm in Russia, father Samuel did well manufacturing cigars in Philadelphia. Young Bill joined him after U. of Penna., later bought control (1928) of failing radio network for $500,000, now CBS. Built to preeminence in its day, left as chairman April 1983, now full-time consultant; his stock worth some $130 million. Recently acquired "substantial" interest Whitcom Communications (one-third *Int'l. Herald Tribune*, etc.). From 1972, chmn. bd. Museum of Modern Art (NYC); his own collection worth tens of millions. Minimum net worth: $250 million.

Peter S. Kalikow

Real estate. NYC. 40. Married, 1 son. Kalikows long successful builders, owners row homes in declining boroughs; father Harold (d. July 1983) split from family business 1967, switched to Manhattan. Son Peter heads H.J. Kalikow & Co.; owns 9,000 apartments NYC. Risked big (1.1 million sq. ft.) midtown office building; 101 Park Ave-

nue hit booming rental market just right (1980), has $125/sq. ft. capital gain. Follows mother's advice: "Always assume the person you're dealing with is at least as smart as you are. Then you won't get hurt thinking you can outsmart him." Minimum net worth: $250 million.

Howard Kaskel

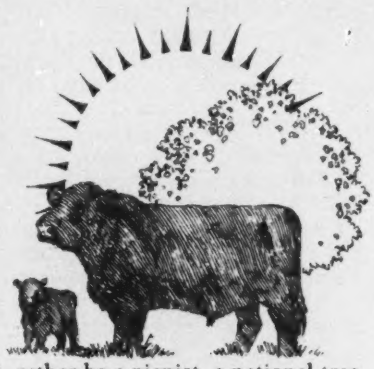
Real estate. NYC. 46. Married, 6 children. Father Alfred (d. 1968) built up Doral chain: hotel, country club in Miami; 3 NYC hotels. Also, as Carol Management, substantial apt. properties Conn., outer boroughs NYC. Son, with family members, has managed successfully. Reserved manner: "You can be obnoxious if you made it yourself. But I have to remember where the wealth came from." Just completed 500-room Doral Plaza (Chicago); building horse-breeding farm near Pawling, N.Y. Minimum net worth: $250 million.

William B. Ziff Jr.

Publishing. NYC. 52. Divorced, 3 sons. Father cofounded Ziff-Davis 1930s. After his death (1953), son bought out partner Bernie Davis. Ziff Corp. now prosperous, growing business with 60 publications *(Car and Driver, Popular Photography, Stereo Review)* for young, special-interest consumer audience. Also trade magazines; expanding rapidly into computer publications. Recently sold off 6 TV stations for $100 million, also moneylosing *Psychology Today*. Shy; lives modestly in East Side town house. Minimum net worth: $250 million.

Ted Arison

Shipping. Miami Beach. 59. Married, 3 children. 4th-generation Israeli who quit college at 18 to fight in Jewish Brigade; now U.S. citizen. Father owned largest Israeli shipping company; Ted left to build Miami's Carnival Cruise Lines on his own nickel: 4 luxury "fun" ships, like TV's *Love Boat*, 95% booked; gambling on board. Annual revenue per ship about $50 million, over $11 million profit, no taxes. Now looking ahead, building new ships with $100 million loan. Friendly, energetic. "I need to be creative. I'd



rather be a pianist, a national treasure, but it didn't work out that way." Net worth, including freight shipping, real estate: should exceed $250 million.

Kenneth W. Davis Jr.
T. Cullen Davis
William Selden Davis

Brothers. Inheritance. Ft. Worth. Sons of Ken Davis Sr. (d. 1968), founder Kendavis Industries, etc., $2 billion revenues oilfield equipment, contract drilling, exploration and production complex; each inherited over 30%. Ken (now runs company), Cullen forced out younger brother Bill: $100 million-plus out-of-court settlement 1976. Older brothers' holdings now worth at least $250 million each. Bill, 47, divorced, 2 children by first marriage; 3 with current wife. Now runs father's oil and gas outfit, Davoil, Inc. Minimum net worth: $125 million. Ken Jr., 57, divorced, 3 children. Reclusive. Cullen, 49, twice divorced, remarried, 2 children by first wife, richest man ever tried for murder. Acquitted 1977, 1979 in killing of second wife's male friend, stepdaughter; charged with seeking to kill divorce judge; charge dismissed 1979. Now born-again Christian.

Roy Hampton Park

Broadcasting, publishing. Ithaca, N.Y. 72. Married, 2 children. Poor farm boy who worked way through N.C. State writing for AP, running college paper. After 11 years in public relations, cofounded Duncan Hines cake mix business, merged into Procter & Gamble 1956. Started Park Broadcasting, Inc. 1962 with Greenville (N.C.) TV station. Today owns 65 publications (23 dailies), 14 radio, 7 TV stations. Noted for precision, determination; lifelong workaholic. For relaxation raises pigeons and peacocks, collects rare watches. Debts are small ("well, they don't bother me any"); net worth, with other investments, at least $250 million.

Howard Vollum

Tektronix, Inc. Portland, Ore. 70. Married, 4 children. After WWII went to work in radio and appliance shop; designed better, cheaper oscilloscope in back room. Started business 1946, stayed better and cheaper. Now $1.2 billion revenues, 4% net margins, 800-product line of oscilloscopes and other. "Wherever electronics go, the oscilloscope goes." His 18%, other assets, worth at least $250 million.

William M. Davidson

Guardian Industries Corp. Detroit. 60. Divorced, 2 children. Lawyer, took over ailing $5 million (sales) family windshield firm 1955. Chapter 11 following month, but survived. Saw opportunity 1967 as glassmaker. Went public 1968. Today, $419 million (sales) Guardian Industries; Davidson owns over 40% of stock. Also owns 62% Detroit basketball Pistons, several small companies. Minimum net worth: $240 million.

E. Claiborne Robins

A.H. Robins Co. Richmond, Va. 73. Married, 3 children. Joined family business 1933 (sales $4,800). Emphasized low-key, friendly touch selling to drugstores; company developed Robitussin, bought Chap-Stick and Sergeant's pet products. Sales now $511 million, over 50% prescription drugs. Stock collapsed 1974 after serious FDA charges (harmful birth control device); product withdrawn voluntarily, stock still low but slowly recovering. E. Claiborne Jr. now CEO; Sr. chairman. With family, shares are worth over $235 million. Sr.: "I'm just a simple, unexciting fellow."

Kenneth Harry Olsen

Digital Equipment Corp. Lincoln, Mass. 57. Married, 3 children. Started as a bright circuit designer at MIT's Lincoln Labs; set up shop

1957 in corner of an old American Woolen Co. mill to build small computers for sophisticated users. Organized company to encourage flow of ideas from bottom up; DEC now $4.3 billion sales, with nearly half of minicomputer market he created. Olsen on success: "If you think very long about the things you did right, you'll be in serious trouble." His 2.5 million shares worth $235 million.

Victor Posner

Investments, real estate. Miami Beach. 65. Twice divorced, 4 children. Ran father's Baltimore food store at 8, left school at 13 to oversee others. Sold out for Baltimore real estate, built empire by selling houses, holding land. "I could have retired at 18 if I'd wanted to." Started buying Florida property 1950s. Later acquired undervalued, asset-rich companies; now controls 16 (Sharon Steel, DWG, etc.). Corporate raider (numerous lawsuits, SEC and IRS challenges); shuns social affairs. Minimum net worth: $235 million. "I'm a genius."

William J. Pulte

Pulte Home Corp. Detroit. 51. Divorced, remarried, 14 children. Founded company 1956 to build single-family homes Detroit. Ingenious marketer: Created several models from same design by switching names of rooms; later sold houses with unfinished bed and bath for $20,000 less than competitors' finished homes. Sells for cash, but ICM Mortgage Corp. subsidiary provides mortgages. Over 8,000 units under development. Retired as chairman 1974, now chairman executive committee; others run co. day to day. With family, stock worth $235 million.

Morton K. Blaustein

Ruth Blaustein Rosenberg

Henry A. Rosenberg Jr.

Inheritance. Baltimore. Louis Blaustein (1869-1937), penniless Russian immigrant, delivered kerosene door-to-door; reportedly opened country's first gas station (Baltimore); invented gasoline pump; founded Amoco 1910. Merged into Standard of Indiana for 5¼ million shares 1954 (since split 2-for-1). Grandson Morton: 56. Married, 2 daughters. His Aunt Ruth: 84. Widowed. Her son Henry: 53. Married, 3 sons. Henry runs 50%-owned Crown Central Petroleum, Morton runs American Trading & Production Corp., private oil and gas exploration co. Also substantial real estate, oil tankers, bank stock, etc. Numerous philanthropies. Share fortune substantially greater than $700 million.

Hugh Rodney Sharp Jr.

Bayard Sharp

Brothers. Inheritance. Sons of Isabella du Pont Sharp, sister of Pierre *(see Pierre Samuel du Pont family, du Pont family)*. Hugh: Wilmington, Del. 73. Married, 3 children. Was active with family foundations, Du Pont company 1933-82. Thought to have continuing great influence in family. Bayard: Centreville, Del. & Boca Grande, Fla. 70. Married, no children. Director Christiana Securities to its dissolution 1976. Active breeder and racer of Thoroughbreds. Now runs exclusive Boca Grande resort. Brothers share family fortune worth at least $450 million.

Oakleigh Blakeman Thorne

Commerce Clearing House. Millbrook, N.Y. 51. Married, 3 sons, 1 daughter. 4th generation of founding family to run company (est. 1907); publishes summaries of changes in law (tax, energy, copyright), translating "bureaucratese" into plain English for lawyers, other professionals. Net aftertax is 9%. Oakleigh at helm since 1967, works out of NYC office. Grows wine grapes for personal use on Millbrook estate; lately getting into Thoroughbred breeding. With family's 4 million shares, other interests, minimum net worth is $225 million.

Melvin Simon

Shopping centers. Indianapolis. 56. Divorced, remarried, 5 children. Born Brooklyn to garment district worker; renting agent for shopping center after Korean War: started at $100 a week against commission. Began building centers 1959; now one of country's largest owner-managers: 120-plus centers in 23 states; over 40 million sq. ft. gross leased area. Started movie company 1977, has yet to see profit. With brother, just bought 100% Indiana (basketball) Pacers. With Samuel LeFrak *(which see)*, now planning "Newport City": 10,000-apt. downtown renewal near NYC. Workaholic; often beats his secretary to the phone. Minimum net worth: $225 million.

Steven P. Jobs

Apple Computer. Los Gatos, Calif. 28. Single, no children. College dropout who sold telephone "blue boxes," saw potential in fellow computer freak's home-built personal computer. With partner started production 1976 in family garage on $1,300 from sale of calculator and VW microbus. Went public 1980 *(see also Armas Clifford Markkula)*. Overcame Apple III stumble (manufacturing bugs) 1981, now pushing latest computer, Lisa. "I get my jollies building good computers." Has 7.5 million Apple shares worth $225 million.

Jake Louis Hamon Jr.

Oil, gas. Dallas. 81. Remarried, 1 son, 1 daughter. Father was oilman, political; sat in "smoke-filled room" at nomination of Warren G. Harding. Jake Jr. inherited political connections, started drilling east Texas in Depression. Has vast oil interests, production: "I've never had a big discovery, that's why I keep staying in the business. Goddamn, you want to find an east Texas field! All I've ever found are small fields." Minimum net worth: $225 million.

Robert Charles Joseph

Edward Sabatini Guccione

Publisher. NYC. 51. Twice divorced, 5 children. Son of former accountant; grew up in N.J. Off to Rome at 18 to paint; then freelance cartooning; then writing and acting. Launched *Penthouse* in London 1965 with no capital. Estimated pretax earnings now $25 million. More nudity than rival *Playboy*, hence more profit; Hugh Hefner and he not on speaking terms. ("Well, I'm speaking to him; he's just not speaking to me.") Snappy

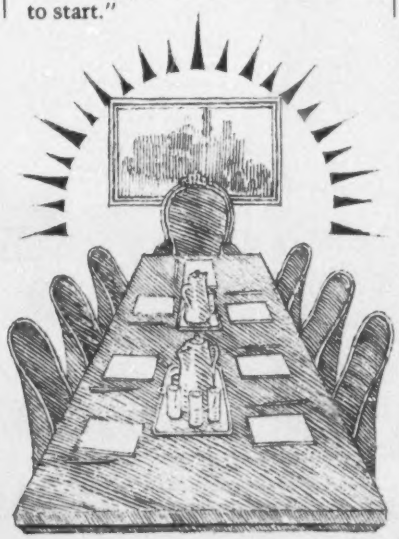
dresser; politically conservative; lives in $15 million Manhattan mansion with vice chairman Kathy Keeton. With casino property, *Omni*, smaller magazines, etc., minimum net worth $225 million.

Kenneth Nicholas Pontikes

Comdisco. Barrington, Ill. 43. Married, 3 children. Quit as IBM salesman 1967, launched used-computer brokering business 1970. Today, $550 million (sales) Comdisco, Inc., world's largest remarketer of computers: buy, sell, lease, rent mostly IBM equipment. Pontikes' $2 million 1981 salary and bonus was nation's 2nd largest; disgruntled shareholder sued for "wrongful diversion of corporate assets." Pontikes lost; remuneration reduced. Hardly matters: His 5.8 million shares worth $220 million.

Emory T. Clark

Clark Oil & Refining. Elm Grove, Wis. 78. Divorced, 3 sons, 2 daughters. Organized small construction crews late 1920s; built gas station for client who couldn't pay; took over station. Founded Clark Oil & Refining 1932. Expanded to Minneapolis and St. Louis to ensure supplies; eventually built to 1,400 stations. "Secret": Kept stations clean, painted; early pioneer selling premium gas. Sold out to Apex Oil Co. 1981; family's 42% brought $220 million. Bored in retirement: "I'm not happy on vacations. I never learned any hobbies and I'm too old to start."



William Zimmerman

Pic 'n' Save. Huntington Beach, Calif. 63. Widowed, divorced, 3 children. Started out age 9 on Manhattan's Lower East Side, buying sugarcane in Chinatown, selling slices at 2 cents, making 50 cents a stalk. From 1950, doing same with distressed merchandise (mostly soft goods) at 81 Pic 'n' Save stores (many in southern Calif.). 1982 revenues, $178 million. Immediate family has 23% stake. With recent stock sales, minimum net worth is $220 million.

Richard Alan Smith

General Cinema Corp. Chestnut Hill, Mass. 59. Married, 3 children. Inherited largest drive-in theater company 1961 upon father's death. Phased out drive-ins during suburban shopping-center boom, pioneered multiple-screen movie houses. Now nation's biggest chain with 1,050. Diversified into Pepsi bottling (largest independent operation); also Buffalo, N.Y. TV station, etc. "For 15 years I have heard cable is going to put us out of business. It just isn't going to happen." His 30% share (co-owned with immediate family, sister) worth $211 million.

Leon Levine

Family Dollar Stores. Charlotte, N.C. 49. Married, 4 children. At 13, after father's death, helped mother run local general store. Opened first Family Dollar Store age 21. Expanded to buy in volume; targeted small towns; specialized in closeouts, overruns, seconds, etc. Today Family Dollar Stores (over $200 million annual sales); 600 southeast outlets, each maximum 8,000 sq. ft.; mostly rented. Often only 6 employees, usually hired from neighborhood: "We tie shrinkage costs into everybody's bonus." Leon's stock in Family Dollar Stores, other assets, worth at least $210 million.

Armas Clifford Markkula Jr.

Apple Computer. San Francisco area. 41. Married, 2 children. As marketing manager Intel, 1976, came across 2 computer freaks with homemade personal computer, orders, no way to produce enough. Put up $91,000, secured line of credit, tapped venture capitalists *(see Arthur Rock)*. Computer freaks made him president *(see Steven P. Jobs)*, now CEO. His shares in Apple Computer, Inc. worth $210 million.

John K. Hanson

Winnebago Industries. Forest City, Iowa. 70. Married, 3 children. Was youngest licensed embalmer in Iowa; owned funeral home from 1937. In 1957 persuaded 200 locals to invest in trailer manufacturing company. Soon shut down; Hanson bought control, reopened; later added motor homes. Stock rose 462% in 1971, made two dozen locals millionaires. When gas prices rose, stock fell. Hanson, retired, came back 1979, ousted son as president, cut staff, sold assets ("I came in like Wyatt Earp. I just lined 'em up and shot 'em down."); Winnebago profitable again. Stock recently worth $207 million.

Leonard Samuel Skaggs

Drugstores. Salt Lake City. 59. Married, 4 children. Father opened first three stores by 1944 with partner Joe Albertson *(which see)*, was then bought out. Albertson went groceries, Skaggs went drugs. L.S. took over 1950 upon sudden death of father. Reincarnated idea of drug-grocery combination in second partnership with Albertson 1970-77. Highly successful, parted amicably. Built to third-largest drug chain, then merged with American Stores 1979. L.S. now CEO, with over 6 million shares currently worth $206 million.

Armand Hammer

Entrepreneur. Los Angeles, NYC, Moscow. 85. Twice divorced, remarried, 1 son by first wife. Trained as physician. Began trading U.S. grain for U.S.S.R. fur and gems 1920, made pencils for Lenin 1925; bought "worthless" Soviet notes Stalin paid off at face value. He and friends bought nearly defunct Occidental Petroleum 1955 for 18 cents a share, built into giant 1960s on Libyan oil. Major diversification recently into coal, meatpacking. With 1982 highly leveraged $4 billion acquisition of Cities Service, now 12th-largest industrial company. Has $50 million-plus art col-

lection. Minimum net worth: $200 million.

Clayton Wheat Williams Jr.

Oil. Midland, Tex. 51. Married, 5 children. Quit as $10,000-a-year insurance salesman 1957 with $2,000 savings to begin career as oilman. Struggled through 1960s, then successive major finds (Austin Chalk, Edwards Trend). Now $1.2 billion revenues including six ranches, 300,000 acres. Claims to be largest individual oil producer in Texas. Most flamboyant Midlander; building immense office plaza north end of town. Reports of financial disaster greatly exaggerated. With $220 million bank debt, net worth exceeds $200 million. "I'm not a billionaire yet, but it's nice to have a goal."

Robert Ruliph (Bobby) Carpenter Jr.

William Kemble Carpenter

Irene Carpenter Draper

Brothers and sister. Inheritance. Children of Margaretta L. du Pont, sister of Pierre S. *(see Pierre Samuel du Pont family, du Pont family)*. Bobby: Montchanin, Del. 68. Married, 4 children. Director Christiana Securities to dissolution 1976; owned baseball Phillies, sold 1981 by son Robert Ruliph III for $30 million. William: Boca Raton, Fla. 64. Remarried widower, 1 daughter, 1 adopted stepson. Noted as deep-sea fisherman in his day. Irene (Mrs. James A. Draper III): Montchanin, Del. 72. 3 marriages, 2 divorces, 5 daughters by first marriage; known for longtime hobby of cutting hair of friends and relatives in barber chair set in bay window of game room. Roughly equal shares in fortune estimated at $600 million.

Dominique de Menil

Inheritance, art collecting. Houston. 75. Widowed, 5 children. Heiress-daughter of Conrad Schlumberger, cofounder Schlumberger, Ltd. Moved to Texas 1941 with husband John (son of French baron, Schlumberger chairman 1967-70). Naturalized 1962. Family has steadily sold shares, diversified over many years; her collection of surrealist art valued over $75 million. "What I admire I must possess." Noted philanthropist; building a museum for her collection to bequeath to Houston. Minimum net worth: $200 million.

Max Martin Fisher

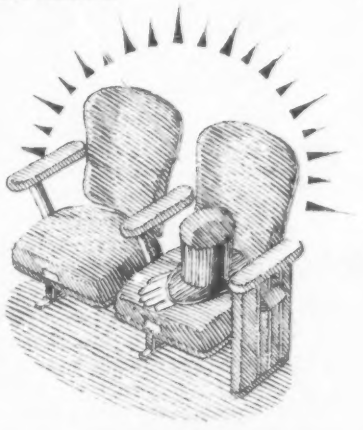
Refining. Detroit. 76. Married, 5 children. Penniless immigrant's son who personally bankrolled Israeli petrochemical industry in 1950s. Founded oil refinery 1932; sold 1959 for Marathon Oil stock. Sold stock last year to U.S. Steel for at least $150 million. Real estate investor; chairman Detroit Renaissance Center. Gives half of annual income to charity, mostly Jewish philanthropy. "Money should not control the individual, the individual must control the money." Fisher controls well over $200 million.

Sylvan Nathan Goldman

Supermarkets, real estate. Oklahoma City. 84. Married, 2 sons. Painfully put together Standard-Humpty Dumpty grocery chain 1930s (checkout counter sign after 1933 bank holiday: "We took your check when no one else would"). Merged 33 stores into ACF-Wrigley 1955 (now Allied Supermarkets), became president. Left 1959 to build massive real estate empire Okla., Tex., Colo., Ariz., Puerto Rico, et al. Owns shopping centers, hotels, planned communities, former Kaiser estate in Hawaii; also banking interests. Sons Monty, Alfred basically running ventures: "Sylvan's trying to slow down. It's hard, but he's trying." Very private; philanthropic. Net worth at least $200 million.

Miles Collier

Inheritance, investments. Naples, Fla. 36. Single. Grandson of Barron Gift Collier, Memphis-born pioneer of streetcar advertising, who used $5 million annual income to buy 1 million acres of southwest Florida early 1920s; state legislature renamed it Collier County. Estimated $400 million empire divided in half 1980. Miles controls 170,000-plus acres mostly undeveloped, oil and mineral rights, venture capital firm, newspaper, etc., inherited by his branch of family (7 relatives share other half). Ski fan, vintage car collector; says he conducts business mainly for "aesthetic" reasons. "Nobody said you had to work 23 hours a day to be successful." Minimum net worth: $200 million.



Kenneth W. Ford

Timber. Roseburg, Ore. 75. Divorced, remarried, 2 children. Started small sawmill (Roseburg Lumber Co.) 1936. Mortgaged to the hilt to buy 160,000 unwanted timber acres Douglas County, Ore. at $2 an acre before WWII. Approximate value today: $2,000 an acre. Largely uncut. One of biggest U.S. plywood producers (revenues about $400 million). Constant reinvestment: amid $5.2 million operating loss, added $37.4 million property, timber. With family, trusts, owns majority; given current timber values, worth well over $200 million. His financial statement shows personal net worth of $64 million.

Dolly Green

Liliore Green Rains

Burton Green Bettingen

Sisters. Inheritance. Daughters of Burton E. Green (d. 1965), promoter, first Beverly Hills real estate developer, cofounder Belridge Oil 1911, its president 1925-65. Belridge bought by Shell Oil 1979 for $3.65 billion; sisters shared nearly $700 million. Also own Beverly Hills real estate. All over 70; live in Beverly Hills; avoid press. Dolly: Eldest. Formerly married, no children. Year after Belridge sale, "mystery woman" made first appearance

at horse auctions, paid $2.2 million for 5 yearlings. Also gave substantial amount for Versailles restoration. Devout; said to be attached to her 3 dogs; likes to wear red. Liliore: Widow. President L.A. Girl Scouts 1961-63; has been socially prominent; lately withdrawn from society functions. Burton (Burtie) (Mrs. William Bettingen): Married, 2 children. Celebrated Belridge sale by purchasing late John Wayne's beach house for $5 million; once ran Beverly hills antique shop as a hobby. Estimated net worth. over $200 million each.

Leslie Townes (Bob) Hope

Comedy, real estate. North Hollywood and Palm Springs. 80. Married, 4 adopted children. Big in vaudeville, then radio, movies; made $3.4 million in oil 1949 with Bing Crosby; bought real estate. Now owns 9,500-plus acres Los Angeles, Ventura County. Also 5% Cleveland baseball Indians ("a sentimental interest"); some Texas oil; stocks; and more. Hope commands nearly $50,000 a show; $3 million a year: "I've got a government to support." Despite denials, net worth exceeds $200 million.

Dolph Briscoe Jr.

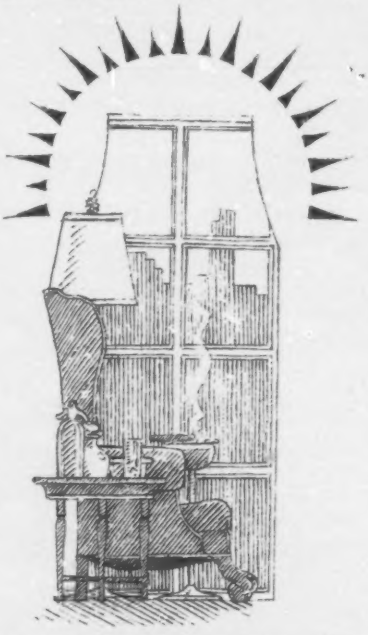
Rancher. Uvalde, Tex. 60. Married. 3 children. Governor Texas 1972-78, not renominated. Owns 500,000-plus acres southwest Texas, 177,000 in Catarina Ranch alone; some oil under it. Owns the local bank in Uvalde. Minimum net worth: $200 million.

Estée Lauder

Leonard Lauder

Ronald Lauder

Cosmetics. NYC. Operate Estée Lauder, Inc., 3rd-largest U.S. cosmetics-and-perfume company (est. revenues about $1 billion). Estée: mid-70s. Widowed, 2 sons. With husband Joseph (d. Jan. 1983), started firm 1946 to market Viennese uncle's beauty products. Today boasts 40% to 50% of all dept. store sales; rapidly expanding overseas. Has uncanny sense of fragrances; in tune with whims of high-priced cosmetics market. "Blue Lady" (her color) is reigning doyenne of industry. Son Leonard: 50. Married, 2 children. Pres. since 1972 and recently named CEO. "Our ads have not changed in 20 years; they haven't had to." Son Ronald: 39. Married, 2 children. Ran firm's overseas operations, left this year to be deputy asst. defense sec'y (NATO); still director. Share ownership, control of company worth at least $600 million.



Francesco Galesi

Real Estate. NYC. 52. Divorced, 2 daughters. Middle of 5 sons of Italian immigrants, began in real estate with Binghamton, N.Y. city dump; converted into shopping center, netted $4 million. Now owns over 5 million sq. ft. developed commercial space (shopping centers), 620 acres Southampton beachfront, several small industrial companies. Bought 7 million sq. ft. empty industrial space in Albany, N.Y. for $4 million 1970; converted to corporate distribution facilities, claims $80 million profit. Latest ventures: United Satellite Communications, mass-market satellite broadcast directly to homes; Argo Communications, long distance phone co. Good-looking, personally magnetic. Some debt; minimum net worth $200 million.

Norton Winfred Simon

Industrialist, art collector. 76. Divorced, remarried (to actress Jennifer Jones); 2 sons by first marriage (1 deceased). College dropout, survived '29 Crash with $35,000. Bought defunct orange juice plant 1931 for $7,000, built up. Acquired Hunt Brothers Packing 1940s, parlayed into giant Hunt Foods; that into conglomerate Norton Simon, Inc. Walked away 1969 with $100 million-plus: "I felt possessed, rather than possessing. The bureaucracy had me." Dabbled in politics; now dealing, amassing art collection. Reflective: "In the Dostoevskian sense, I am the suffering man." Minimum net worth, much from art: $200 million.

Chapman J. Root

Coca-Cola bottler. Ormond Beach, Fla. 58. Married, 5 children. Grandfather introduced Coke bottle, bought up bottling plants (d. 1945). Chapman took over 1950 (father killed 1932 in plane crash). Developed outside interests; quit Indianapolis racing-car scene after crash killed 2 of his drivers. Peremptorily bought out by Coca-Cola 1982 for resale to owners "who will aggressively support and promote Coke products." Now lives across from golf course. Minimum net worth: $200 million.

Marc Rich

Trader. Switzerland. 49. Married, 3 daughters. Belgium-born son of burlap bag maker; family fled to U.S. during WWII. Worked for Philipp Brothers (now Phibro-Salomon); helped build it into world's largest commodities trader (oil, metals, etc.). Requested $1.5 million bonus; denied: quit angry. Started Swiss-based Marc Rich & Co. 1974 with partners mainly hired away from Phibro. Today believed to be world's second biggest trader (estimated revenues over $10 billion). Also 50% 20th Century-Fox. Extremely secretive, but now under probe for massive tax evasion scheme; U.S. assets frozen after refusal to hand over subpoenaed papers. Net worth, assuming legal problems can be resolved, believed to exceed $200 million.

James LeVoy Sorenson

Medical devices. Salt Lake City, Utah. 61. Married, 8 children. Quit

medical school for Mormon missionary work; became successful Upjohn salesman. Moved by suffering hospital patients, began inventing medical devices at home early 1960s. Big invention: disposable catheter, making possible long-range chemotherapy. Formed Sorenson Research 1960; bought out by Abbott Labs for $100 million in stock ("a nice, round number") 1980. With stock, real estate, large but low-grade oil and coal deposits, net worth over $200 million.

Louis L. Ward

Russell Stover Candies, Inc. Kansas City, Mo. 63. Married, 2 sons, 1 daughter. Bought small paper box co. 1952; Stover Candies, Hallmark Cards were major customers. In 1960, with partner, bought Stover for $7 million cash; went public. Made Stover famous for quality hand-dipped chocolates. Offers small product line: "There are only so many ways you can put chocolate, butter, cream, eggs, milk, fruit and nuts together. The real competition is in finding different kinds of packaging." Took company private again 1981 for $50 million. Now all family-owned, highly profitable, efficient. Market value if sold: easily over $200 million.

Fred Charles Trump

Donald John Trump

Father and son. Real estate. NYC. Fred: 77. Married, 5 children. Self-made; began 1940s, amassed 20,000 apartments in NYC's boroughs. Donald: 37. Married, 2 children. Flamboyant boy-wonder of NYC real estate; joined business 1968; took over 1976. Skillful string-puller: got 40-year tax abatement for Grand Hyatt Hotel. Just completed opulent 68-story Trump Tower; condos selling for up to $10 million each. Plans world's largest convention center. Now building world's largest hotel-casino in Atlantic City with Harrah's. Controversial: offered to house homeless in Central Park South luxury building for free in effort to drive out affluent rent-controlled tenants. Fred on Donald: "He's gone way beyond me, absolutely." Share fortune worth over $400 million.

Helen Kinney Copley

Publishing. San Diego. 60. Divorced, widowed, 1 son. Answered classified ad, served 13 years as secretary to news magnate James S. Copley, who married her 1965. Out of limelight until his death 1973. Realized Copley papers poorly managed, run as political forum. She sold unwanted properties, chopped away thick bureaucracy, improved editorial content. Now owns 5 Illinois papers, 3 in Calif.; getting into cable. Son David, 31, being groomed for top spot. Her 90% interest, other assets, worth minimum $200 million.

Robert Einar Petersen

Publishing. Beverly Hills. 57. Married. 2 sons (deceased). Unemployed movie publicist 1947 who discovered southern Calif. car-racing craze. Borrowed $2,000 to print *Hot Rod* magazine; hawked at races, published in garage, slept on cot in corner. Built into Petersen Publishing Co.: 16 monthlies (*Teen, Motor Trend, Guns & Ammo,* etc.), books, movies, real estate, restaurant, art gallery. Married former Miss Rheingold; bought mansion, hunting ranch, Rolls-Royce. First man to bag polar bear with revolver (Alaska, 1965). "It was shoot or be in deep trouble." Minimum net worth: $200 million.

Robert Winship Woodruff

Coca-Cola. Atlanta. 93. Widower, no children. Left college, bored, at 20; rose to v.p. at White Motor. Started buying Coke stock as investment; father formed syndicate to buy company in 1919. Became president Coca-Cola at 33; helped take soft drink international. Philosophy: "I want everyone associated with Coca-Cola to make money." "Retired" 1955. Deducting $600 million in foundations, still owns 3.5 million shares. With dividends, other assets, minimum net worth is $200 million.

Jack M. Berry Sr.

Citrus grower. Winter Haven, Fla. 66. Married, 3 children. Left Tennessee for NYC, became successful fruit broker. In 1950s supermarkets bypassed brokers. Decided money was in growing. Gambled on south Fla. (soil supposedly too wet for oranges); in 1960s planted 6,000 acres. Now largest independent grower, with 13,000 productive acres, concentrate plant. Just bought 16,000 new acres ranch land; maybe half will become citrus. With stocks, etc., Berry worth over $200 million.

Charles B. Benenson

Real estate. NYC. 70. Divorced, 3 children. Father built Bronx apartments from 1900, switched to investing 1920s. Charles, Yale graduate, joined Benenson Realty 1933. Obscure by choice; shrewd private investor with several NYC builders, including Harry Helmsley *(which see)*, bridge partner Larry Tisch *(which see)*. Has substantial waterfront acreage Amagansett, N.Y. (old Bell estate); large stock portfolio. Active Museum of Modern Art; respected collection West African art. Net worth above $200 million, denied by him.

Seymour Cohn

Real estate. NYC and Upper Brookville, N.Y. 72. Widowed, 2 children. After WW II, lived next to brother Sylvan Lawrence, Levittown, N.Y.; commuted together to work, found apt. tenants for commissions. Formed company, turned profits on small buildings and parlayed gains into largest, if unsung, real estate holdings by individuals in lower Manhattan. Also small, undeveloped land Florida, North Carolina. Sylvan ran firm until death 1981. Seymour now spends much time breeding racehorses, raising funds for varied causes. Minimum net worth: $200 million.

The Forbes Four Hundred

Gordon McLendon

Broadcasting, investments. Dallas. 62. Twice divorced, 4 children. Became famous as "The Old Scotchman," radio persona of 1940s, early 1950s. Invested in radio, TV stations; pioneered Top 40 format, all-news station. Sold out 1972-77 for $150 million-plus. Began buying prime land 1960s for drive-in theaters, now owns Texas' biggest chain (70 screens, all leased). Also bought gold, silver, strategic metals; wrote *Get Really Rich in the Coming Super Metals Boom* (1981). Won't divulge figures, but minimum net worth probably $200 million.

Harold C. Simmons

Entrepreneur. Dallas. 52. Divorced twice, remarried; 2 daughters by first marriage, 2 by second. Quit as bank examiner 1960 to buy neighborhood drugstore. Built to 100-plus across Texas; bought by Eckerd Corp. for stock 1973. Began selling shares, investing proceeds. Now, with wholly-owned holding company, Contran Corp., major corporate raider: National City Lines, Amalgamated Sugar Co., Keystone Consolidated Industries, LLC Corp., etc. Simmons' legal bill over $2 million annually. "Every time I buy a sizable position, management runs out and hires Skadden, Arps to sue me. I've made that firm rich." Contran, plus land and minor oil and gas interests, worth minimum $200 million net.

Saul Phillip Steinberg

Financier. NYC. 44. Divorced, separated, 4 children. Whiz-kid wheeler-dealer out of Wharton ('59); founded Leasco 1961. Began stepping on Establishment toes: Attempt to take over Chemical Bank failed 1969 (age 29). Acquired Reliance Insurance 1968; took both firms private 1982 in $550 million cash & securities deal; now Reliance Group Holdings. Tough; self-described loner: "I don't talk to anyone on Wall Street." Minimum net worth (with immediate family): $200 million.

Robert Alfred Lurie

Real estate. San Francisco. 54. Divorced, remarried; 4 children, 2 adopted stepchildren from second wife. Father, Louis R., born Chicago, went to San Francisco 1914; bought, sold real estate, built 300 buildings; backed movies (*Tarzan* series), talent (Mae West), Broadway shows (*South Pacific, Fiddler on the Roof*, etc.). Self-made, abrasive, overshadowed only son, Robert, until death 1972. Robert ("a helluva nice guy") took to sports; bought baseball Giants 1976. Owns lucrative Chicago real estate (La Salle St.), extensive San Francisco properties. Estimated net worth: $200 million, claims less.

John William Berry

Yellow Pages. Dayton, Ohio. 60. Divorced, remarried, 5 sons. "Aw, c'mon, nobody invented the Yellow Pages." Loren Berry did in 1910, after persuading telephone companies to let him sell directory ads; was paid often with substantial telephone stock. He died 1980, age 91; son John running L.M. Berry & Co., now one of worldwide producers Yellow Pages. Has joint venture overseas with ITT. With second wife and sons (2 active with company), minimum net worth is $200 million.

Max Palevsky

Computers. Los Angeles. 59. Thrice divorced, 4 children by first marriage. Son of poor immigrant house painter, born Chicago. Taught philosophy briefly at UCLA, left 1952 to design computers for Bendix at $100 a week. Founded Scientific Data Systems 1961 with associates, $1 million from venture capitalist Arthur Rock *(which see)*; sold to Xerox 1969, pocketed $100 million. Made a few movies, backed liberal causes, magazines (i.e., *Rolling Stone*), got bored. Started new SDS 1979 with some of same associates, but not doing well. Helped arrange financing for Diasonics, Daisy Systems, etc.; has substantial holdings. Net worth should be at least $200 million.

Donald Worthington Reynolds

Publishing. Las Vegas and Ft. Smith, Ark. 77. Thrice widowed, 3 children. U. of Missouri journalism grad ('27), fired from first 2 newspaper jobs: "Didn't get enough stories and didn't sell enough ads.... I haven't been fired since." Bounced from paper to paper, helped publish *Yank* magazine WWII. Since war, built Donrey Media Group: 93 smallish publications (48 dailies), cable, billboards, radio stations, TV, several small shopping centers. Lately buying into Thoroughbreds. Has foundation ready to inherit, operate his businesses; worth minimum $200 million. "I've been rich and I've been poor, and I sure as hell like rich better."

Stephen Muss

Real estate. Miami Beach. 55. Married, 5 children. Inherited (with mother and 2 sisters) father's real estate empire in northern N.J., southern Fla. Crown jewel: Seacoast Towers, 1,100 Miami beachfront apartments and Hotel Alexander. Also Seacoast Towers in Brighton Beach (Brooklyn), 75% Miami Fontainebleau Hilton, etc. Currently codeveloping Towers of Quayside (Miami condos). Local political power broker. Minimum net worth: $200 million.

Charles Haywood Murphy Jr.

Murphy Oil Corp. El Dorado, Ark. 63. Married, 4 children. Took over father's sawmill at 21, immediately expanded into oil. Now in U.S., Canada, North Sea; owns one of world's largest fleets of offshore drilling rigs. "When I might have been a college freshman I had already found oil, had 40 employees, owed $100,000, and wanted to marry. Being a freshman didn't appeal to me." Educated by tutors instead; emphasized classics, Shakespeare. Tutored own children at breakfast table. His 5.3 million shares worth over $192 million, at least 50 relatives share additional $247 million.

The Forbes Four Hundred

Charles Robert Allen Jr.

Herbert Allen

Herbert Anthony Allen

Stock market, real estate. NYC. Charlie: 80. Twice divorced; 3 children by first marriage. Brother Herbert: 75. Widowed, remarried; 1 son. Herb Jr.: 43. Divorced, 4 children. Charlie may be canniest investor of all time *(see also Warren Buffett)*. Wall Street runner at 15; set up as bond trader 1923, with $1,000, desk, phone. Brought in brothers, including Herbert, 1928. Made $1 million by 1929, lost it in Crash. Herbert (now semiretired) instrumental in rescuing firm with savvy Depression trading. Since 1930s, endless series Charlie's spectacular stock deals with manifold profits. Firm's entrepreneurial style unusual even for Wall Street: Staffers pay own expenses, must take piece of venture they persuade Allens to back. Charlie's biggest coup: bought $1 million Syntex 1958, sold $58 million, still owns $140 million. "A feeling, backed with common sense. I never buy anything without that feeling." Herbert: Biggest success in Benguet Mining (bought for $3 million, sold for at least $45 million); got into Irvine Ranch deal (12%), recently sold for over $120 million. Herb Jr. joined 1962. Bought about 6% of Columbia at $4 in 1973, sold for $72 to Coca-Cola in 1982. Profits from well-known deals alone exceed $350 million. Their minimum net worth: $540 million.

Athalie (Joan) Irvine Smith

Inheritance, lawsuits. Middleburg, Va., Emerald Bay, Calif. 50. Thrice divorced, 3 sons. Lost father at 2; raised close to grandfather who inherited and built Irvine Ranch. At 24 she inherited 22% interest; 54% to foundation run by his cronies. Been fighting cronies ever since (over 18 lawsuits): "My whole life is tied up in this." Joined Taubman-Allen group *(see both)* for 1977 bidding, legal wars. She won, received $72 million cash. Donald Bren *(see also)* bought control in April; she still holds 11% stake, regularly sends hand-delivered missives to management. Outdoorswoman; eludes publicity. Minimum net worth: $180 million.

Roy Edward Disney

Walt Disney Productions, broadcasting. Los Angeles. 53. Married, 4 children. Nephew of late Walt Disney. Father Roy O. (d. 1971) was the quiet business manager. Roy E. left company 1976 after losing power struggle with Walt's son-in-law Ron Miller (now CEO). "Walt would have been fed up by now with all those boring little kids solving mysteries." Still director; his family holds roughly 3.5% of shares. Also owns production studio, TV, radio stations as Shamrock Broadcasting. After debts, minimum net worth is $180 million.

Joseph A. Albertson

Albertson's Inc. Boise, Idaho. 76. Married, 1 daughter. Quit as Safeway store manager to open Boise grocery in 1939 with $5,000 life savings, $7,500 borrowed. Developed into 9th-largest U.S. supermarket chain (1982 revenues, $4 billion): "You have to be a consumerist." One experiment: Blew fresh-baked bread smell through store to stimulate buyers. Copioneered drug/grocery store combination with father of L.S. Skaggs *(which see)*. Minimum net worth: $176 million.

Ray Stark

Movie production, investments. Holmby Hills, Calif. 66. Married, 2 children (1 deceased). Started as literary agent (Raymond Chandler, Ben Hecht), switched to movie stars (Ava Gardner, Richard Burton). Cofounded independent film production company 1957, developed into Seven Arts. Later formed Rastar Productions, Rastar Films; sold both to Columbia Pictures by 1980. Now has Ray Stark Productions. Over years, his films have grossed more than $600 million (e.g., *Funny Girl, The Way We Were, Annie*). Got $21 million Coca-Cola stock on sale of Columbia shares; still holds. Also leading Calif. horse breeder; avid skier. "He's more active than people half his age. He's a bundle of energy." Minimum net worth: $175 million.

Richard J. O'Neill

Alice O'Neill Avery

Brother and sister. Inheritance, real estate. Grandfather Richard, immigrant Irish cattle buyer, bought (1882) and managed vast s. Calif. ranch for Comstock Lode millionaire for half-interest. Grandchildren inherited O'Neill Ranch 1943; 11,000 acres sold throughout Seventies, kept 43,000 acres. With developments all around, land is worth perhaps $8,000 per acre, "if anybody would still want to buy anything that size." Richard: San Juan Capistrano, Calif. 60. Married, no children. A local political power. Alice: West L.A. 66. Divorced, widowed; 3 sons. Second husband nephew of Sewell Avery, former chairman Montgomery Ward. Shared ranch, other assets, worth minimum $350 million.

John Langeloth Loeb

Financier. NYC. 80. Married, 5 children. With father founded Loeb, Rhoades, the brokerage firm, in 1931, run by John 1955-76. By then 4th-largest U.S. brokerage house. Abandoned semiretirement 1977; merged with Hornblower, Weeks; lost money. Merged with Shearson Hayden Stone 1979; now honorary chairman Shearson/American Express after final merger. Minimum net worth, mostly in stock portfolio: $175 million.

Alex Manoogian

Masco Corp. 82. Taylor, Mich. Married, 2 children. Emigrated from Turkey 1920 to escape Armenian persecution. First job Detroit: claimed to be experienced machinist, wasn't; fired. Hired by same

company a year later, this time with skills. Quit 1929 to found Masco Screw Products Co.; went public 1937. Big break 1955: When plumbing marketers said single-handled faucets couldn't sell, Manoogian had to market on his own. Now profits his own, too: faucets 20% of Masco Corp.'s $78 million earnings (on $856 million sales). Alex and son Richard control 11.6% of stock, after recent 1-million-share sale to diversify. Shares in Masco, significant other assets, worth at least $175 million.

Floyd Roger Hardesty

Construction. Tulsa. 45. Married, 2 children. Rural carpenter's son who left school to marry at 15 ("School was boring; I didn't like the regimentation"). Drove milk truck, then poured concrete. Borrowed $75,000 to build houses 1958; switched to apartments, shopping centers 1960s. Formula: "No luxury, no monuments. We build for the masses." 6 ft. 4, 240 lbs.; flies own Boeing 727; hunts: recently bagged lion and elephant on African safari, wife got a zebra. Says Hardesty Co. earnings up in 1982. His minimum net worth $175 million.

Robert Staples Howard

Publishing. Rancho Santa Fe, Calif. 58. Married, 4 children. Started on hometown (Minn.) weekly, bounced from paper to paper, state to state after WWII. Bought first paper, *Casper* (Wyo.) *Star-Tribune*, 1961. Howard Publications now owns 18 dailies (maybe $100 million in revenues); also Buffalo (N.Y.) TV station. Bullish on cable TV; started recent joint venture with Donrey Media Group. Net worth at least $175 million.

Stanley E. Hubbard

Broadcasting. Bal Harbour, Fla. 86. Twice widowed, once divorced, remarried; 3 children, 1 deceased. Started early St. Paul radio station 1923. Now 5 radio, 5 TV stations (flagship St. Paul TV worth over $100 million). Son Stanley S., 50, running business (in shadow until father suffered serious stroke 1981). Plans ambitious direct satellite system, targeted for 1986. Conservative; nonunion. With small hotel, TV production co., etc., minimum net worth is $175 million; denied by Stanley S.: "We don't make money. We're just public servants, struggling along."

Charles Henry Dyson

Conglomerator. NYC. 74. Married, 4 children. Decorated WWII Air Force colonel; left as Textron accountant 1949 because he felt they were not diversifying fast enough; teamed up with Franklin Kissner 1956. Dyson-Kissner Corp. built conglomerate Wallace-Murray, sold it 1981 to Household Finance Corp. With interests Household, Esterline, other companies, his minimum net worth $175 million. Avoids interviews.

Alex G. Spanos

Real estate. Stockton, Calif. 59. Married, 4 children. Left $40/week job at father's bakery to start small catering company 1956; limited success. Four years later, sensing coming California real estate boom, founded small building firm. To date, A.G. Spanos Construction, Inc. has built 36,000 apartments, developed 2.5 million sq. ft. office space. Operates 7 companies with 2 sons, 2 sons-in-law. Travel averages 6,000 miles per week. Golf zealot, also owns 10% San Diego football Chargers. "I never begin or end a working day in the sunlight." Minimum net worth: $175 million.

Patrick J. McGovern

Publishing. Nashua, N.H. 46. Divorced, remarried; 2 children. Worked on tiny computer magazine, saw need for computer market census. Launched International Data Corp. 1964. Started newspaper 1967 as IDC "ad" business getter: *Computerworld*, now largest specialty publication of its kind (circ. 124,000). Gradually selling IDC stock to employees. Moving into venture capital; also recently added 16 magazines for new total of 33. "The personal computer field is booming and we're getting some of the benefit." 1983 projected revenues $130 million, net 10% after-tax, no debt. Minimum net worth: $175 million.

James L. Knight

Knight-Ridder Newspapers, Inc. Miami. 74. Married, with 4 daughters. Long in shadow of brother and family patriarch John (d. 1981). Coinherited father's 3 small papers 1933. Added *Miami Herald* in 1937, first of many including *Philadelphia Inquirer* and *Detroit Free Press*. Ran business side (John ran editorial policy). Joined forces with Ridder family 1974; now one of the most profitable chains in U.S. Bulk of John's holdings (20%) went to the Knight Foundation. James owns 9.5% worth $172 million.

Seward Prosser Mellon

Richard Prosser Mellon

Cassandra Mellon Milbury

Inheritance. Ligonier, Penna. Adopted children (4th is deceased) of Richard King Mellon, grandson of Pittsburgh family bank founder, Judge Thomas Mellon *(see also other Mellons, Conover, Scaife, May)*. RKM was acknowledged financial leader who guided family banking-oil-stocks empire from 1930s until death in 1970. Seward (Pross): 41. Divorced, remarried; 2 daughters by first wife. Trained in Mellon Nat'l. Bank trust dept., now a director; also president R.K. Mellon & Sons, family investment co. Richard (Dickie): 44. Divorced, remarried; 2 sons. Flirted briefly with

banking; left to pursue other interests: conservation, oceanography. Handles charity and cultural interests for RKM branch. Cassandra (Mrs. Edwin Van R. Milbury): 43. Widowed, remarried, 2 children 1st marriage. Active in philanthropy, civic affairs. Since death of mother Constance (1980), they preside over trusts of at least $500 million.

Seymour Durst

Roy Durst

David Durst

Brothers. Real estate. Father Joseph self-made; emigrated from Austria 1902, started Durst Organization 1915 to oversee handful of NYC buildings (d. 1974). Sons moved into midtown Manhattan commercial properties 1940s; pioneered Third Avenue development. Followed father's rule: "Never buy farther than you can walk." Own about 100 properties: 4.2 million sq. ft. office space, large assembled blocks of properties in eventual path of Times Square reconstruction plans. Seymour: NYC. 70. Widowed, 4 children. Considered driving force among brothers, specializes in land assembly; maintains private East Side library and museum on NYC history. Roy: Scarsdale, N.Y. 63. Married, 3 children. Provides management, oversees construction. David: Chappaqua, N.Y. 58. Married, 5 children. Handles building design, leasing operations. Brothers equal partners in enterprises worth minimum $500 million; sister Alma has passive interest.

Seymour Milstein

Paul Milstein

Brothers. Real estate. NYC and Scarsdale, N.Y. (both). Joined father's Circle Floor Co. early 1940s, expanded, sold 1967 for $15 million. Built 1,964 luxury apts. near Lincoln Center. Paid $30 million for Biltmore, Roosevelt hotel buildings 1978; estimated $80 million profit. Also Milford Plaza Hotel, much other NYC property. Bought into United Brands 1975; their stock worth $35 million. Seymour: 63. Married, 2 children. Paul: 60. Married, 2 children. Spend bulk of time running United Brands, call real estate their "hobby": "It only takes 2 seconds to make a decision if you know your work." Net worth, nearly all from hobby: minimum $330 million, shared about equally.

Albert L. Ueltschi

FlightSafety International, Inc. Greenwich, Conn. 65. Widower, 4 children. Soloed at 16 ("It was easier than milking cows"); fell out of plane doing snap rolls at 4,000 ft. 1939, parachute opened 150 ft. from ground. Mortgaged home 1951, founded company to train pilots inexpensively but profitably on simulators; grads' safety record above average. With boom in corporate planes, all needing pilots, his 5.8 million shares now worth $165 million.

Arthur Rock

Venture capitalist. San Francisco. 57. Married, no children. Son of a candy store owner; Harvard Business School, graduated 1951. Made name on Wall Street picking science stocks during late 1950s boom. Smelling May 1962 crash coming, quit; headed West; founded venture capital partnership. First investment: $300,000 in Teledyne *(see Henry Earl Singleton)*. Second investment: $280,000 in Scientific Data Systems *(see Max Palevsky)*. Later, Intel *(see Gordon E. Moore)*, Apple Computer *(see Steven P. Jobs)* and this year Diasonics went public. With stock in companies brought public and many still private, minimum net worth is $160 million. Rock: "I'd rather be known as a skier than a financier."

Nathan Cummings

Industrialist. NYC. 86. Widowed, divorced, 3 children. Built Consolidated Foods from $16 million sales 1939; bought General Dynamics stock 1960s with Henry Crown *(which see)*; now worth about $100 million. Impressionists and Post-impressionists, once bought by sq. ft., worth at least $10 million. At 80, threw Waldorf-Astoria birthday party for 635; Bob Hope *(which see)* starred. At 85, ill, gave $5 million to Sloan-Kettering. Minimum net worth: $160 million.

Ewing Marion Kauffman

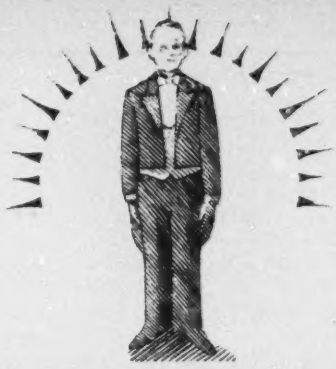
Pharmaceuticals. Kansas City. 67. Married, 3 children. Started as pharmaceutical salesman 1948; commissions soon exceeded president's salary. When commission rate was cut, quit to found Marion Laboratories 1950. Developed first calcium pill, from oyster shells; now mostly markets other companies' discoveries; does R&D necessary for FDA approval. 1983 sales $181 million; half from marketing foreign drugs. Shares the wealth: Some 62 employees became millionaires. "Even the janitor owns stock." Owns 51% Kansas City baseball Royals, minor oil holdings. That and 26% of Marion worth over $160 million.

John Dempsey

Bulk containers. Delaware, Ohio. 69. Divorced, 6 children. Young accountant (1946) whose family owned minority block Greif Bros. Corp., cooperage founded 1877. Hunted down, bought out shareholders at $35 average, took over as CEO 1947. Equivalent of shares now: about $3,360. Conservative, religious; works at old-fashioned virtues like fairness and loyalty. "I can't remember ever firing anyone." Of firm's 30 executives, many never finished college, 9 are over age 70. 1982 earnings down. Given breakup value of business and substantial idle land, portion imputed to his family's voting stock (not traded) worth over $160 million.

Grover Connell

Trader. Westfield, N.J. 65. Married, 3 children. Took over family business, Connell Rice & Sugar Co., 1950 (sales, $10 million). Now largest U.S. broker, trader in rice and



sugar (sales, $600 million). Also food and machinery exports; leasing. Charges of illegal dealings with Tongsun Park, Korean wheeler-dealer, dismissed 1979 after Park changed testimony. Minimum net worth: $160 million.

Kenneth Stanley (Bud) Adams Jr.

Entrepreneur. Houston. 60. Married, 3 children. Part Cherokee. Son of late "Boots" Adams, heavy-handed builder Phillips Petroleum. Ken Jr. still in oil, best known as owner Houston (football) Oilers, cofounder American Football League with Lamar Hunt *(which see)*. Most wealth today in 15,000-acre Calif. rice and vegetable farm, Texas ranch and farmland. Also coal mining, barging, trucking and biggest U.S. Lincoln-Mercury dealership (Houston). Minimum net worth: $160 million.

Walter A. Haas Jr.

Peter E. Haas

Brothers. Levi Strauss & Co. Sons of Walter A. Haas (d. 1979), who married grandniece of founder Levi Strauss and ran company 42 years. Walter: San Francisco. 67. Married, 3 children. Joined co. 1939, CEO 1958-76, chairman through late 1981. Also owns Oakland baseball Athletics; member Trilateral Commission. Peter: San Francisco. 63. Married twice, 3 children by first marriage. Joined company 1945, CEO since 1976, chairman since late 1981. Walter's stock, Athletics, worth at least $155 million; Peter's stock alone worth $141 million. (Haas family *(which see)* owns additional $500 million stock.)

Robert N. Noyce

Intel Corp. Los Altos, Calif. 55. Divorced, remarried, 3 daughters by first marriage. Was doing research at Philco Corp. when recruited by William Shockley to join Shockley Semiconductor 1956. There met Gordon E. Moore *(which see)*; they left 1957 to cofound Fairchild Semiconductor. Started Intel 1968 with some $2 million backing *(see Arthur Rock)*, advanced basic chip technology. Was president, chairman Intel, now vice chairman (Moore now CEO and chairman). Holds 16 personal patents. Has 1.5 million shares Intel, also 3 million shares Diasonics. Stocks worth over $155 million.

Irénée du Pont Jr.

Irene Sophie du Pont May

Margaretta Lammot du Pont Greenewalt

Constance Simons du Pont Darden

Eleanor Francis du Pont Rust

Marianna du Pont Silliman

Octavia Mary du Pont Bredin

Lucile Evelina du Pont Flint

Brother and sisters. Inheritance. Children of Irénée Sr. (d. 1963), president Du Pont Co. 1919-26, played major role in building company *(see Pierre S. du Pont family, du Pont family)*. Irénée Jr.: Christiana Hundred, Del. 63. Married, 5 children. Retired as senior v.p. Du Pont Co. 1978—"I as a stockholder would have objected to me as president." Irene Sophie (Mrs. Ernest May): Wilmington, Del. 83. Married, 4 children. Husband considered family radical (supported Castro), fought family's effort to reduce tax on Irénée Sr.'s estate. Margaretta (Mrs. Crawford H. Greenewalt): Greenville, Del. 81. Married, 3 children. Husband most successful du Pont in-law—Du Pont Co. president 1948-62, present with Fermi at first controlled nuclear reaction in Chicago 1942. Constance (Mrs. Colgate W. Darden Jr.): Norfolk, Va. 79. Widowed, 2 children. Husband (d. 1981) governor of Va. 1942-46, as president of U. of Va. tried to abolish fraternity system on campus. Eleanor (Mrs. Phillip Gordon Rust): Thomasville, Ga. 76. Married, 4 children. Marianna (Mrs. Henry H. Silliman): Montchanin, Del. 72. Married, 6 children. Husband v.p. at family's brokerage firm, active in family's small mutual funds. Octavia (Mrs. John Bruce Bredin): Greenville, Del. 70. Married, 6 children. Husband director of family bank (Wilmington Trust), active in other Del. business interests. Lucile (Mrs. Robert B. Flint): Greenville, Del. 67. Married, 5 children. Board member of family foundation. The 8 siblings and their immediate families share in father's fortune worth at least $1.2 billion today.

Carl C. Landegger

George F. Landegger

Brothers. Industrialists. Carl: NYC. 53. Married, 5 children. George: homes in Europe and Connecticut. 45. Married, 5 children. With mother, co-own father's company, Parsons & Whittemore, world's leading builder and prominent owner of pulp and paper mills. Has built total 65 mills worldwide, most in Third World and Communist countries. 1982 revenues: "as the banks so nicely put it . . . in the middle-9 figures." Carl born Vienna; George, London; both naturalized 1946; inherited 1976. For relaxation, new patriarch Carl digs for Inca relics, tramps alone through Amazon jungle. "George is more social." Despite '82 net loss, probable book value of company: at least $300 million.

William Alvin Moncrief Sr.

William Alvin Moncrief Jr.

Oil. Ft. Worth. 88. 63. Sr. married, 1 child; Jr. married, 4 children. Sr., WWI vet; quit 1928 as v.p. Marlin Oil (later became Conoco) to go out on own. Three years of dry holes, then first find: northernmost extension of vast east Texas field, 1931. Investor-partners 1940s, 1950s included Bing Crosby, Bob Hope, Randolph Scott. W.A. Jr. ("Tex") in business since 1942. Together control international operation, oil and gas reserves worth at least $300 million.

The Forbes Four Hundred

Bettina Bancroft

Hugh Bancroft III

Christopher Bancroft

Kathryn Bancroft Kavadas

Siblings. Inheritance. Great-grandchildren of Clarence Barron (1855-1928), who built up *Wall Street Journal, Barron's,* Dow ticker. Bettina: Los Angeles. 42. Divorced, 2 children. Part-time archaeologist; serves on board Dow Jones & Co.; also member C.G. Jung Institute of L.A. Hugh: Newport Beach, Calif. 34. Married, 1 child. Designs and builds antique-like cars in nearby Costa Mesa; travels. Christopher: Denton, Tex. 32. Married, 2 children. With wife, ran small real estate company as Caltex Associates; now has several local ice cream shops. Kathryn (Mrs. Stratos Kavadas): Newton, Mass. 31. Married, 2 children. Interests fine arts, philanthropy, raising kids; husband has Boston restaurant. Since death of father Hugh Bancroft Jr. (1953), they preside over trust worth $600 million in Dow Jones stock *(see also Cook, W. Cox, MacElree).*

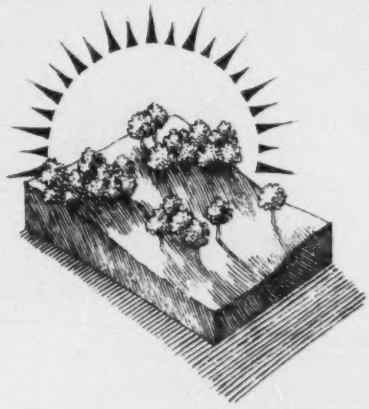
John Davison (Jay) Rockefeller IV

Sandra Ferry (Rockefeller)

Hope Aldrich Rockefeller

Alida Rockefeller Dayton

Siblings. Inheritance. Great-grandchildren of oilman John D. Rockefeller and children of John D. III (d. 1978, car accident). Jay: Charleston, W.Va. 46. Married, 4 children. Studied Oriental languages in Tokyo, later at Harvard and Yale. Was Peace Corps and youth crime adviser to JFK; elected W.Va. House of Delegates 1966; governor 1976 by record margin, reelected 1980. First non-Republican Rockefeller. "I think people trust me even though I've inherited wealth." Sandra: Cambridge, Mass. 48. Unmarried. Artist. Dropped Rockefeller name 1959; once tried to give all her money away; then tried psychotherapy; now lives as recluse. Hope: Woodstock, Vt. 45. Divorced, 3 children. Wrote for *Newsday* (on feminism), *New York, Village Voice;* won awards for other reporting. Dropped out mid-1970s to quiet rural life near uncle Laurance's resort. "When people heard the name Rockefeller they never saw the person named Hope." Alida (Mrs. Mark Brandt Dayton): Minneapolis. 34. Married, 1 child. Attended Stanford U.; did charitable work in San Francisco, TV documentary production in Los Angeles. Married 1978; husband heir to Dayton fortune *(see family),* recently lost Senate bid. Siblings' estimated net worth: share at least $600 million in Rockefeller trusts.



Rodman Clark Rockefeller

Ann Clark Rockefeller Roberts

Steven Clark Rockefeller

Mary Clark Rockefeller Morgan

Siblings. Inheritance. Great-grandchildren of oilman John D. Rockefeller and children of Nelson Rockefeller's first marriage. Nelson was most drivingly competitive of the 5 "Brothers"; became 4-term governor of New York, vice president under Gerald Ford; died 1979 (heart attack). Rodman: NYC. 51. Divorced, remarried, 4 children by first marriage. Dartmouth grad, joined late father's International Basic Economy Corp. (now Ibec Inc.). Became president 1969, now chairman. Most well-adapted sibling: "Far from being a problem, the Rockefeller identity has allowed me to spread my wings." Ann (Mrs. T. George Harris): NYC. 49. Divorced, remarried; 4 children, 4 stepchildren. After college, spell as social worker in London's East End, Bronx; also student of landscape design. Uses surname Roberts. Steven: Middlebury, Vt. 47. Divorced, remarried, 3 children by first marriage, 1 by second. Graduated from Princeton, joined army, married family's Norwegian maid, worked briefly for Rockefeller Center. Quit, entered Union Theological Seminary, got divorced, tried psychoanalysis. "I had to deal with the problem of wealth and guilt." Now dean of Middlebury College. Mary (Mrs. Thomas B. Morgan): NYC. 45. Divorced, remarried, 3 children by first marriage. Helped establish public health project on Navajo indian reservation late 1950s: "We lived in a trailer and ate out of cans and lived among people who had never heard of a Rockefeller!" Active role in Michael Rockefeller wing, NYC's Metropolitan Museum (Michael was twin brother, died in New Guinea 1961). Studies primitive art. Four siblings share at least $600 million in Rockefeller trusts.

Laura Simpson O'Neill

Abby Rockefeller Simpson

Sisters. Inheritance. Daughters of Marilyn Milton Simpson (d. 1980) and great-great-granddaughters of oilman John D. Rockefeller. Laura (Mrs. L.S. O'Neill): Mt. Kisco, N.Y. 29. Married, 2 children. Abby: NYC. 26. Unmarried. Father (not a Rockefeller) works as Egyptologist in Boston; daughters' estimated fortune: share at least $300 million in Rockefeller family trusts.

Charles A. Vose Sr.

Charles A. Vose Jr.

Banking. Oklahoma City. 82, 39. Family has controlled Okla. City's First National Bank & Trust Co. since founding 1889; grew with city. Charles Sr. took control of family 1945; family now has 25% of holding co., First Oklahoma Bancorp. With son Charles Jr. (Vice Chairman), built fortune as financier of, sometimes controller of numerous small banks. Latter recently acquired 80% Fourth National Corp., Tulsa. Also real estate. Both avoid press. With Ed Gaylord *(which see)* and Sylvan Goldman *(which*

see), the power triumvirate of Okla. City. Father and son share fortune worth minimum $300 million.

William Stamps Farish III

Inheritance. Houston. 44. Married, 4 children. Grandson and namesake of cofounder Humble Oil, now big part of Exxon. Principal heir of family fortune based on Exxon stock; has sold little ("Not with the capital gains tax, I won't"). Other assets include major Thoroughbred farm in Ky., worth at least $30 million; also active in ranching, oil and gas exploration. Net worth exceeds $150 million.

Anne Windfohr Sowell

Inheritance. Ft. Worth, Tex. 44. Twice divorced, remarried; 1 daughter by first marriage, 1 stepdaughter. Daughter of Anne Burnett Tandy (d. 1980), who amassed fortune mostly through marriage in ranching, oil, banking; married 4th husband Charles Tandy of Tandy Corp. 1969 ("They should have gotten Justice Department approval for that wedding"). Tandy died 1978, left fortune to her; she bequeathed *that* fortune to charity, rest to daughter: 208,000-acre "6666" Ranch, Triangle Ranches; oil under both. Also stock of $20 million-plus in InterFirst Corp. of Dallas. Her minimum net worth: $150 million.

Fitz Eugene Dixon Jr.

Inheritance. Philadelphia. 60. Married, 2 children. Great-grandfathers: P.A.B. Widener, streetcar magnate (d. 1915), worth $100 million; William Elkins (d. 1903), worth $30 million. Primary heir to both, through mother. Father Fitz (d. 1982) missed out on fortune by 1936 divorce. Taught 16½ years at Episcopal Academy, his prep school, "the happiest days of my life." Prefers to give money away (e.g. education, medicine) rather than make more. Involved with civic affairs, horses, 500-acre farm, 10% baseball Phillies. Estimated net worth: over $150 million. Very rich, very uneasy: "Sometimes, I wish I didn't have all this f------ money."

Thomas Mellon Evans

Investments. NYC. 73. Divorced, widowed, remarried. 3 children by first marriage. As young man, had $15,000 inheritance and a benefactor—W.L. Mellon (Evans' father was Mellon ally). Got control H.K. Porter 1937. Reputation as master takeover artist. Fierce boss: "the 'Jaws' of the business world." By 1956 ready to found own brokerage firm to save on commissions. Took over Crane Co. 1959; still CEO. Also horse farm, St. Louis TV station. Major holdings alone worth minimum $150 million.

Robert Rich Sr.

Food Products. Buffalo, N.Y. 69. Married, 3 children. Family had been largest ice cream maker in Buffalo. Discovered ticket to success—frozen nondairy replacement—when their soybean-based "whipping cream" froze without harm during long train ride 1945. Hit pay dirt with Coffee Rich creamer, still market leader: Consumers may not love it, but food service operators, which buy 75% of his products, do. Also frozen dough, desserts, seafood, etc. Sales now over $400 million. Bob Jr. now president Rich Products Corp. Dad holds preferred stock, frequents Palm Beach. Minimum net worth: $150 million.

Robert Adam Mosbacher

Oil. Houston. 56. Divorced twice, 4 children by first marriage. Born White Plains, N.Y. to moneyed family; went to Houston 1948 to become wildcatter. Has real estate, ranching interests in addition to Mosbacher Production Co. Twice world yachting champion in Olympic classes. National finance chairman for Gerald Ford 1976; close friend of George Bush. Minimum net worth: $150 million.

Robert Shelton

Ranching. Kerrville, Tex. 47. Married, 8 children. With half-brother Belton Kleberg Johnson *(see below)*, sold out his 14% share in King Ranch 1978 after outvoted in family succession parley. Took land, other assets instead of cash, retained 11.2% interest in oil royalties. Other land in Texas, Florida, Montana. Minimum net worth: $150 million.

Belton Kleberg Johnson

Ranching. San Antonio and La Pryor, Tex. 53. Married, 3 children. Protégé of uncle, King Ranch patriarch Bob Kleberg, who willed him his boots. Family ignored symbolism: chose less dominant personality as successor. In 1976 sold his ⅛ share to family for $70 million cash. Owns 100,000-plus acres Texas and California, San Antonio's Hyatt Regency, etc. Minimum net worth: $150 million.

Edwin C. (Jack) Whitehead

Medical instruments. Greenwich, Conn. 64. Twice divorced, recently widowed; 3 children by 1st wife, 5 stepchildren. He and father founded Technicon Corp. (makes highly sophisticated blood analyzers) 1939 on $5,000 in Bronx loft; father died 1967. Company went public 1969, Edwin briefly a paper billionaire before market slide. Sold to Revlon 1980; still chairman. Has investment, venture capital firm; also well-endowed Whitehead Institute for Biomedical Research. Personal net worth still exceeds $150 million. "Money doesn't really motivate me."

Harold Farb

Real estate. Houston. 60. Twice divorced, 5 children by first marriage. First built a few buildings in 1950s. Now owns 25,000 apartments in Houston. Diversifying: Plans $350 million office complex; *Ultra* magazine (Texas society and fashion); cuts own record albums (Jolson, Gershwin tunes), performs live at

his Houston restaurant, the Carlyle. "You reach a stage when, if you don't have fun, what has it all been for?" Cash flow at least $15 million annually. Minimum net worth, despite $20 million divorce settlement earlier this year, weak Houston real estate market: $150 million.

Phillip Frost

Key Pharmaceuticals. Miami, Fla. 46. Married, no children. Dermatologist, invented disposable instrument for taking biopsies 1968. Met businessman Michael Jaharis, formed partnership. Took over troubled Key Pharmaceuticals 1972 with big block of stock acquired after Key bought out their first partnership. CEO Jaharis runs business, chairman Frost adds new patents. Frost still spends half his time practicing medicine, wife teaches school full time. His 19% plus other investments worth over $150 million. (Jaharis, about $125 million, would rank 401st.)

Robert Olnick

Real estate. Palm Beach and NYC. 68. Married, 2 daughters. Father owned one of first self-service cafeterias; lost in Depression; died when son Robert was 16. Put self through law school 1930s, bought first Manhattan building after WWII while on Navy leave. Built early government housing 1949, gained controlling interest in giant Starrett Housing 1959, quit as CEO 1976. Still owns thousands of apartments. "Office building owners live better, but apartment owners sleep better." Daughters, son-in-law Richard Lane, active in business with him. Minimum net worth: $150 million. "That's ridiculous. My net worth is $42.50."

Peter Sharp

Real estate. NYC. 53. Divorced, 3 children. Father was major hotelier NYC 1920s (Delmonico, Ritz, etc.); died 1941. After Princeton, Peter started in real estate 1957. Owns prime commercial, residential property midtown Manhattan, Upper East Side (Park Ave. and 57th St., Carlyle Hotel, Parke-Bernet bldg., et al.); other assets. In 1980, helped launch Avatar Holdings (mostly Florida real estate) from bankrupt GAC Corp.; now CEO. With various stockholdings, minimum net worth is $150 million.

Sheldon H. Solow

Real estate. NYC. Late 40s. Married, 1 child. Went way out on limb to build landmark Manhattan skyscraper (9 W. 57th St.) near Plaza Hotel. Fully rented just before 1970s real estate bust; enjoys vast profits. Also smaller properties; builds only in NYC. Observer: "A contentious, litigious man." Big collector modern art. Avoids press. Minimum net worth: $150 million.

Stanley Stahl

Real estate. NYC. 59. Divorced, remarried; 1 son, 2 stepchildren. Began as broker 1947, saved up commissions, within a year bought first Manhattan apt. building; added more. Took huge risk 1962: staked almost everything to build 1.5 million sq. ft. at 277 Park Ave.; now Chemical Bank building and basis of fortune. Now owns some 3,000 Manhattan apt. units, plus half interest in legitimate Broadway theater (Lunt-Fontanne). Secretive; has no desire to co-op properties: "I guess I'm lazy." Minimum net worth: $150 million.

Leo F. Corrigan Jr.

Inheritance. Dallas. 58. Married, 5 children. Leo Sr. self-made real estate magnate, owned Dallas' Adolphus Hotel, hotels worldwide, other real estate. Died 1975. Leo Jr. nearly out of hotel business now. Has 2 sons in Corrigan Properties, owns 20 Dallas tracts, Mercantile Texas bank stock, other assets. Ownership in names of children, 4 nieces and nephews, but Leo Jr. controls fortune worth at least $150 million.

Ivan Boesky

Arbitrager. NYC. 46. Married, 4 children. Left Edwards & Hanley to go out on own 1975, backed by limited partners. Left partnership 1980; has new arbitrage, investment banking, investment firm; also family-owned hotels, including renowned Beverly Hills Hotel. Teaches arbitrage courses at NYU and Columbia U. Also a major fundraiser for Nazi-hunting. Dresses neatly; sleeps little: "A minute in this business is a year in any other." Minimum net worth $150 million.

Ernest W. Hahn

Shopping centers. San Diego, Calif. 64. Married, 3 children. Started as small general contractor after leaving Navy 1946. Began building shopping centers early 1950s. Built over 34 million sq. ft. in numerous states. Sold out to Trizec Corp. (Canadian) 1980. His share: $90 million. Kept many investments, but semiretired: "I thought it was time to work a 3-day week." Minimum net worth: $150 million.

Robert H. Kieckhefer

Containers, investments. Prescott, Ariz. 65. Married, 4 children. Joined family cardboard box and shipping container business 1939. Company joined Weyerhaeuser 1957 for $217 million in stock; father got about $52 million (d. 1970). Robert now breeds and races horses. Quiet, private. With immediate family, owns over 2% Weyerhaeuser, other investments (largest: InterNorth). Admits to minimum net worth of $150 million.

Yoko Ono

Inheritance. NYC. 50. Twice divorced, widowed, daughter by second husband, son by third. Born to banker in Tokyo, moved to Scarsdale 1951, attended Sarah Lawrence. Married Beatle John Lennon 1969. Ran Lennon business empire: real estate, farms, Holstein cows,

music companies, copyrights, etc.; he became world's richest househusband. Tells reporters she bases decisions on astrology, considers business an extension of her art work (painting, poetry, recording rock music). "In order to survive and to change the world, you have to take care of yourself first." Lennon died 1980; left fortune estimated at minimum $150 million.

Tom E. Turner

Sigmor Corp. San Antonio. 69. Married, 2 children. Pumped gas nights for $10 a week in the Depression; borrowed $350 to open first gas station 1943. Built chain Texas, La.; began integrating outward 1955: acquired supplie[s] [g]asoline trucks, radio stations (a[d]vertising); diversified to pipe and tu[b]ing 1971. Sold out to Diamond [S]hamrock 1982; regular shareholders got $17.50 per share, Turner's 9.5 million common shares exchanged for 4.2 million convertible preferred Diamond Shamrock, worth minimum $133 million, paying $8 million-plus annual dividend. Shunned retirement to form new investment company, Tetco, Inc. "I'm never satisfied." Minimum net worth: $150 million.

Sirjang Lal Tandon

Tandon Corp. Chatsworth, Calif. 41. Married, 1 son, 2 daughters. Emigrated from India 1960 with $3,000 from parents; worked as busboy to finance mechanical engineering degree. Hired by IBM, Memorex; became citizen 1974. Next year risked $7,000 cash to launch Tandon Magnetics in one-room garage. Produced magnetic recording head for $18 (compared with usual $40), increased memory storage capacity, etc. Tandon now world's leading independent producer random disk drives for microcomputers. Went public 1981. His 11% recently worth $150 million. "I've made more money than the next 4 generations will need to spend."

Frederick W. Smith

Federal Express Corp. Memphis, Tenn. 39. Divorced, remarried, 7 children. Father, called "bus king of the South," left Smith $3.2 million. Invested in idea developed for Yale economics course: Federal Express. Professor gave low grade: You're all wrong. Nevertheless, raised $80 million venture capital, started up 1973. With 2.23 million shares, his minimum net worth is $150 million. "I was a crummy student—like Winston Churchill."

John Wilmer Galbreath
Daniel Mauck Galbreath

Father and son. Real estate. Columbus, Ohio. John: 86. Remarried widower, 2 children from first wife. Started as real estate broker, was ruined in Depression; recovered by arranging sales of foreclosed property. Then hit on "package deals": Take signed-up corporate tenant, builder, blueprints in package to bank for full financing. Frugal, energetic. "I'm never going to retire. I want to be thoroughly used up when I die." Daniel: 55. Married, 3 children. Heir apparent to real estate empire: over 1 million sq. ft. around U.S., plus interests in millions more. Developed world's largest privately financed housing project 1966-78 (13,000 units, Hong Kong). With 51% Pittsburgh baseball Pirates, 4,300-acre Thoroughbred breeding farm, etc., estimated joint net worth: $300 million. Daniel says too high.

August Christopher (Augie) Meyer

Broadcasting. Champaign, Ill. 82. Married, 1 son. Was prominent local attorney; switched to TV after WWII. Helped launch Champaign station 1953, slowly acquired 100%. Bought San Diego TV in 1964 for $11 million, today worth over $100 million. Other TV, radio stations, but no purchases in nearly 20 years: "I didn't realize it'd been that long." Chairman Bank of Illinois since 1962, family has control. Also prime San Diego real estate (mostly undeveloped), plus bonds, etc. Augie Jr. (Chris) running stations from 1976, now has controlling interest. With family, minimum net worth $150 million. Modest: "We just live like our neighbors do. Maybe some of them are much more extravagant."

Mortimer B. Zuckerman

Real estate. Beacon Hill, Mass. 45. Single. Father was tobacco and candy wholesaler, wanted son to become scholar. M.B.A. from Wharton; Harvard law degree. Made first $5 million at Cabot, Cabot & Forbes by age 29. Owns vast real estate empire: over 10 million sq. ft. office space (half in development), suburban California, Boston, Washington, D.C.; lately NYC. Bought venerable, ailing *Atlantic Monthly* 1980; expects profit by 1985; circ. now 440,000 and rising. "We intend to pass FORBES in circulation." Collects art; enjoys sports; has retriever named Stockman, after 1981 *AM* article. "I may have to get another dog because we have some terrific stories coming up." Minimum net worth: $150 million.

W. Duncan MacMillan
John Hugh MacMillan III
Marion MacMillan Pictet

Brothers and sister. Grain trading. Children of John Jr., ran Cargill, Inc. 1936-1960; died 1960. Duncan: Wayzata, Minn. 53. Married, 4 children. Has long run Waycrosse, Inc., Cargill/MacMillan family's *(which see)* private investment firm; Cargill director. Hugh: Ft. Lauderdale, Fla. 55. Married, 6 children. Lives quietly; not active. Marnie (Mrs. Pictet): Geneva, Switz. 50. Divorced, remarried, 2 children; 1 deceased. Out of the country most of the time. Share their family branch's approximately 33% of Cargill stock, worth at least $425 million.

Ruth Chandler von Platen
Harrison Gray Chandler
Alice May Chandler Goodan

The Times Mirror Co. Three (of 8) surviving children Harry Chandler, Los Angeles empire builder who worked at *Times* during 1880s, mar-

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ried owner's daughter, then gained control. Became one of the largest land barons southern Calif. Died 1944; split Times Mirror Co. fortune equally among 7 living children. Ruth (Mrs. Karl G. von Platen): San Marino, Calif. 86. Thrice widowed, recently remarried; 3 children, 2 stepchildren. Second husband J.G. Boswell left her 11% J.G. Boswell Co., largest U.S. cotton producer; since sold off. With 14% Chandler empire, minimum net worth is $140 million. Harrison: Arcadia, Calif. 80. Married, 1 daughter. Family spokesman. After Stanford 1927, joined company. Ran Times-Mirror Press through 1968. Now chmn. Chandis Securities, family holding co.; active community affairs. His 14% interest, etc., worth at least $125 million. Alice May (Mrs. Roger Goodan): Los Angeles. 90. Widowed, 4 children. Served as Stanford trustee; supports cancer research. Her share also worth $125 million *(see also Chandler family).*

James Emmett Evans

Citrus grower. Dade City, Fla. 83. Married, 1 son, 1 daughter. Former Ford dealer who headed South with little cash, much confidence. Bought first citrus grove 1920. Now owns 13,000 acres oranges, 4,000 grapefruit, in 7 Florida counties; wants to expand. "We're planting 8,000 more acres of gold for the future." Loves making deals; likes keeping low profile, old card-playing buddies. His estimated fortune: about $140 million. "I never did have a bad year in business."

Ben Hill Griffin Jr.

Citrus grower. Avon Park, Fla. 72. Married, 5 children, 1 stepchild. Father was small fruit grower: "I didn't know there was any business but citrus." Started 1933 with wedding gift: 10-acre grove. Added land when he could, now owns 10,000 acres. Also, 5 terms in state legislature, lost bid for governor 1974; wife was running mate. "There's a lot of things you don't know, but I don't think I ought to tell you." Sold packing plants to Procter & Gamble 1981. Visible assets, including ranches, 52% Alico Inc., worth at least $140 million.

Franklin Nelson Groves

Construction. Wayzata, Minn. 52. Married, 3 children. Grandfather Stephen Jasper Groves, a Missouri farmer, started taking horses into town for construction work 1905. Father bought out 2 brothers, expanded, switched to highway construction as newly-formed S.J. Groves & Sons. Franklin took over 1969. Since oil embargo pushed diversification: dams, condos, airports, sewage plants. A racehorse enthusiast; owns $25 million breeding operation, large Kentucky farm. Minimum net worth: $140 million.

William A. Fickling Jr.

Charter Medical Corp. Macon, Ga. 51. Married (Miss America 1953), 4 children. Former Air Force guided missile officer, "worked for my daddy" in family real estate business buying and selling nursing homes. Thought hospitals could be more profitable. Founded Charter Medical 1969, now 49 hospitals open or under development, including 36 psychiatric hospitals. "Competition has to be brought into the hospital." With family, Fickling owns 4.2 million Charter shares. Some debt, but minimum net worth still $140 million.

James R. Cargill

Margaret Cargill

Brother and sister. Grain trading. Grandchildren of William W. Cargill (d. 1909), founder of grain-trading giant Cargill, Inc. *(see Cargill/MacMillan family, other MacMillans).* James: Minneapolis. 60. Married, 3 children. Joined company 1947, rose to v.p. 1963. Has office in company headquarters, but said to work mainly on own business affairs. Margaret: La Jolla, Calif. 63. Unmarried. Little known. Together, believed to own their family branch's 21% Cargill stock, worth at least $275 million.

M. Larry Lawrence

Real estate, investments. San Diego, San Francisco, Palm Springs, Tahoe. 57. Divorced, remarried, 3 children by first marriage. Chicago-born. Began as contractor doing summer work during school. Early 1950s began developing Chicago area: successful; moved west. Now owns posh Hotel Del Coronado, much western real estate. "Very prudent financial specialist." National finance chairman John Glenn presidential campaign. Reported net worth, probably undervalued, $136 million.

Jack N. Mandel

Joseph C. Mandel

Morton L. Mandel

Brothers. Premier Industrial Corp. Jack: Shaker Heights, Ohio. 71. Married, no children. Joseph: Lyndhurst, Ohio. 69. Married, 2 daughters. Morton: Shaker Heights. 61. Married, 3 children. Pooled $900 savings to buy auto-parts shop 1940; found customers pay well for quality, hard-to-find parts. Bought Newark Electronics, parts distributor, for over $20 million 1968; dropped high-volume, low-profit lines, built up comprehensive 752-page catalog electronic components. Each brother owns about $135 million of Premier stock and considerable outside holdings.

Doris Jones Stein

Inheritance. Beverly Hills. 81. Divorced, widowed, 2 daughters; 2 sons by first marriage. Late husband, Jules Stein, former ophthalmologist who founded MCA, Inc. 1924. Chairman 1946-73; succeeded by Lew Wasserman *(which see).* Died 1981; left half his estate to wife. She prompted his philanthropies for eye research; is board member Jules Stein Eye Institute (UCLA). Collects English antiques;

travels occasionally. With about 7% MCA, interest in husband's estate, her minimum net worth is $135 million.

David William Grainger

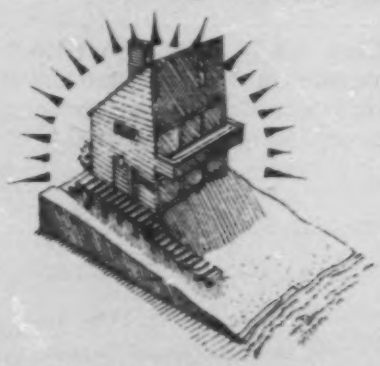
Motor distributor. Skokie, Ill. 55. Married, 3 children. Father, W.W. Grainger (d. 1982) founded W.W. Grainger, Inc. 1927 on $6,000 borrowed from wife; retired 1968. Puts out *MotorBook* catalog, published from 1927, a household word among contractors, small manufacturers, etc. "The consumer *shouldn't* know the Grainger name." Family stock worth over $135 million.

James Elsworth Davis

Winn-Dixie Stores. Jacksonville, Fla. 76. Married, 1 son, 1 daughter. Father William Milton borrowed $10,000 for small Florida grocery store 1925, built substantial chain (d. 1934). Admonished 4 sons: "Stay liquid, sell for cash and don't buy real estate." Firm still run largely by family, still owns no land beneath 1,210 supermarkets in 13 Sunbelt states (mostly Florida). James chairman from late 1930s; most conservative brother and largest single stockholder with 9%. Also ranching, life insurance, etc. Minimum net worth: $135 million *(see also Davis family)*.

A.L. Ellis

Banking, real estate. Tarpon Springs, Fla. 77. Married, 1 daughter. Started New Year's Day 1920 as janitor in father's small Georgia bank; in banking ever since. Learned the ropes 10 years at Florida National; opened Sarasota State Bank 1943, bought out partner 1960. Now Ellis Banking Corp., Florida's 10th-largest bank holding co. Conservative, few commercial loans. Recently agreed to sell 56% stake for 4 million shares NCNB Corp. effective March 1984. With extensive real estate western Florida, minimum net worth $135 million. "I don't know what I'm worth. What I know is I'm not going hungry."



John Brooks Fuqua

Entrepreneur. Atlanta. 65. Married, 1 surviving son. Farmboy ham operator, started first Augusta radio station 1940. After series of small but successful business deals, started Augusta TV station 1953. Since sold; profits supported conglomerating binge 1960s. Fuqua Industries (sales $600 million) now stabilizing after 1981 attempt to go private, takeover turmoil, mass firing, sale of major subsidiaries. JB's reputation: shrewd, skillful; always looking and dealing. "My principal hobby is reading balance sheets." With 10% Fuqua Ind., huge stock portfolio, other interests, wealth estimated at about $135 million.

Meshulam Riklis

Rapid-American Corp. Beverly Hills; NYC. 59. Married twice, 3 children by first marriage. Born in Turkey, came to U.S. 1947 from Israel as college exchange student; stayed. Became securities analyst, Hebrew teacher in Minneapolis 1951. Organized investment syndicates; bought Rapid Electrotype 1955. Acquired undervalued cos., helped finance others: calls leverage "the effective nonuse of cash." Went public as Rapid-American mid-1960s. High leverage and low earnings mid-1970s led to nickname "Meshuggener Reckless of Rancid-American." "I was almost dead and I walked away from it [alive]." Erased most of massive debt load, earnings now up. Went private 1981. Riklis' 60% worth at least $133 million.

Marie Hill (Dodo) Hamilton
Hope Hill van Beuren

Sisters. Campbell Soup inheritance. Granddaughters of John

Thompson Dorrance (d. 1930), founder of company *(also see John Jr.)*. Marie: Strafford, Penna. Approx. 55. Married, 3 children. Runs shop nearby selling house furnishings; likes to golf, garden, travel, raise funds for art and education, et al. Husband Samuel, 59, a stockbroker. Not active in soup business: "We eat the product." Hope: Middletown, R.I. 49. Married, 3 children. "I'm just a regular American housewife; I raised my children." Also ran local dress shop until recently; husband John involved with venture capital. On mother's death 1971, each daughter inherited 7% Campbell Soup Co. With other assets, each worth minimum of $130 million.

Howard Phipps Jr.
Anne Phipps Sidamon-Eristoff

Brother and sister. Inheritance. Children of Howard Phipps (d. 1982), youngest of 19th-century steel magnate Henry Phipps' 5 children *(see Phipps family)*. Howard: Westbury, N.Y. 49. Married, 3 children. Lives quietly; represents self, sister on Bessemer Trust board; active in NYC cultural world. Anne (Mrs. Constantine Sidamon-Eristoff): NYC. 51. Married, 3 children. Husband, prominent lawyer, was aide to former New York City Mayor John Lindsay. Their share of Phipps fortune worth at least $260 million.

John H. Johnson

Publishing. Chicago. 65. Married, 1 daughter. Born Arkansas; widowed mother worked as maid and cook. To Univ. of Chicago part-time 1936

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(never finished); edited house magazine for black-owned insurance company. Pawned mother's furniture for $500 to launch *Negro Digest* 1942. Now publishes *Ebony*, *Jet*, et al.; owns 2 radio stations, office building; rapidly expanding cosmetics line. "I believe in miracles. I believe my success is a miracle." Business run like large extended family; daughter Linda, 25, being groomed for eventual control. His minimum net worth: $130 million.

Frank Batten

Publishing, broadcasting. Norfolk, Va. 56. Married, 3 children. Landmark Communications built by uncle, S.L. Slover, from 1900. Batten's father died early, Frank raised by Slover. Took over company 1954 at age 27; reshaped; began aggressive expansion 1963 with first cable franchises. Cable now 25% of $260 million revenues (est. total 1983). Since last year, spends much time as chairman Associated Press. Despite debt, Landmark valued at $550 million. Frank's 24% (52% voting stock) worth minimum $130 million. "If it was liquidated, you're probably not far off. But it ain't going to be liquidated."

Lew R. Wasserman

MCA, Inc. Beverly Hills and Palm Springs. 70. Married, 1 daughter. Went to work for MCA founder Jules Stein 1935 at age 22 *(see Doris Jones Stein)*; quickly became top agent. Rose to president 1946. "In those days agents wore plaid suits and purple shirts. I changed all that to gray flannel." Bold; tough-minded; first to plunge major studio into television (1949); bought Universal Studios 1959; etc. Much unpublicized philanthropy. Has 7.7% MCA stock, worth about $130 million, plus interests in Stein's estate.

Orvon Gene Autry

Broadcasting, real estate. Los Angeles and Palm Springs. 76. Widowed, recently remarried, no children. "America's Singing Cowboy"; high school grad from Tioga, Tex. Records, movies, CBS radio show 1940-57; was one of world's highest-paid performers. Bestselling song: *Rudolph the Red-Nosed Reindeer*. Bought first radio station 1952. Now owns 8 and 1 TV station as Golden West Broadcasters. Recently bought out longtime partner, Signal Cos. With baseball Angels, hotel, other land, worth at least $130 million.

Paul Block Jr.

William Block

Brothers. Publishing. Father built newspaper chain from 1915; had to sell most of it during Depression. Sons took over 1941, 1946. Paul: Toledo, Ohio. 71. Divorced, widowed, remarried. 3 sons, 3 stepchildren. Operates Toledo *Blade* (circ. 165,000). Ph.D. chemistry; does lab experiments in spare time. Politically conservative. Bill: Pittsburgh. 67. Married, 4 children. Started at *Blade* 1937; operated Pittsburgh *Post-Gazette* (circ. 180,000) since 1946. Politically liberal. Jointly own both papers, a smaller one in Calif., TV and radio stations; venturing into cable. Low debt; est. minimum joint net worth $260 million. Bill: "I think you're dreaming, but that's up to you."

Edward Wyllis Scripps

Publishing. Charlottesville, Va. 74. Divorced, remarried, 2 sons. Grandson of publishing mogul E.W. Scripps, but a sundered branch of family: "We're all individualists—otherwise they'd have us for antitrust!" Father James started Scripps League Newspapers 1909; early death 1921; E.W. "studied like a devil" to take charge age 21 (1930).

Now 40 publications, including 21 small dailies across U.S. (linked via satellite); circ. 250,000. "I still believe that the local community is the focus of America's strength." Chain highly profitable; his 90% worth minimum $130 million *(see also E.W. Scripps family)*.

Generoso Paul Pope Jr.

Publishing. Manalapan, Fla. 56. Widowed, divorced, remarried; 1 child by first, 1 by second, 4 by third. Edited father's *Il Progresso Italo-Americano*, edged out by brothers ("they decided I was going to work for them, and I told them to take a walk."), worked for CIA, quit, bought *National Enquirer* 1952 on borrowed $75,000: circ. 17,000. Beefed up editorial content, now softer sensationalism. Circulation zoomed 1970s after switch to "uplift," big marketing blitz to supermarkets. Today, circ. 5.1 million (est. net pretax $17 million). Added racier *Weekly World News* 1980, just topped 1 million circ.; now searching for TV station. Quiet, informal lifestyle: "I guess my greatest pleasure is just having dinner out with my wife." Minimum net worth: $130 million.

Maurice R. (Hank) Greenberg

American International Group, Inc. NYC. 58. Married, 4 children. Lawyer who entered insurance business through chance interview at Continental Casualty Co. Interview went badly; Greenberg went to higher-ups: hired instantly. Moved to C.V. Starr's American International Underwriters 1961, rose quickly; made successor 1968. Tough boss. Went public 1969 as A.I.G. Ownership of A.I.G. and related holding companies complex; certain stock to be held only by executives, sold back to company upon retirement. That excluded, estimated net worth still at least $125 million.

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Ezra Khedouri Zilkha

Investments. NYC. 58. Married, 3 children. Father Khedouri A. (d. 1956) started Baghdad bank 1899, became known as "Rothschild of the East." Brought family to U.S. 1941 to escape war; later lost Middle East bank empire in Arab-Israeli strife: "We were diminished, but not impoverished." Son Ezra naturalized 1950, siblings were not. Rebuilt operations as Zilkha & Sons, Inc.; formed partnership with larger banks 1967 as American International Bank (now Fidelity Int'l. Bank), chmn. until 1979. Serves on various boards, manages vast investment portfolio; personal, family holdings believed worth far more than $125 million. "If there's one thing I've learned, it's that you can't change the world. You can only adapt."

Timothy Mellon

Catherine Mellon Conover

Siblings. Inheritance. Each reportedly received $100 million in trusts from father Paul *(ubicb see)*, grandfather Andrew Mellon (d. 1937). Timothy: Guilford, Conn. 41. Recently divorced, no children: "Families are an anachronism; interesting social phenomena, perhaps." Left Yale with city planning degree; started computer programming firm 1969. With partner, started company to pressure-treat railroad ties 1977. Now seeks RR empire: bought Boston & Maine, Maine Central, etc. 1981. Long involved with energy conservation, ecology, human rights. Catherine: Washington, D.C. 47. Twice divorced, 3 children by first husband John Warner (who later divorced Elizabeth Taylor). Took mother's maiden name after second divorce. Active supporter environmental issues in Rocky Mountain region. Combined net worth should exceed $250 million; denied by Timothy.

Robert Lee Vesco

Fugitive. Caribbean area. 48. Married, 5 children. High school dropout Detroit; worked as car mechanic, junior engineer, traveling salesman, then tube and valve manufacturer. In 1972, consultant for Bernie Cornfeld's IOS, Ltd.; disappeared with $224 million (called it Operation LPI: "Looting and Plundering, Inc."). Invested it in Panamanian and Costa Rican corporations. Lived in Costa Rica, then Bahamas, now man without a country, rumored to be living on yacht with guided missiles. Allegedly now runs drug operation. Big unknown: How much did it take to bribe 2 countries? Some money retrieved by lawyers, but net worth believed to exceed $125 million.

Wilhelmina du Pont Ross

(Mrs. Donald Peabody Ross) Inheritance. Montchanin, Del. 77. Widowed, 3 children. Niece of Pierre *(see Pierre S. du Pont family, du Pont family)*; received 4% share when he distributed his wealth 1924. Husband member of family partnership that founded Delaware Park racetrack, 1937. Hobbies: gardening, breeding horses and hunting dogs. Minimum net worth: $125 million.

John Eleuthère du Pont

Jean Ellen du Pont Sheehan

Evelyn Rebecca du Pont

William du Pont III

Brother and sisters; William III half brother. Inheritance. Children of William Jr. (d. 1965), grandson of Henry (Boss) du Pont (d. 1889), organizer original Gunpowder Trade Assn. 1872. John: Newtown Square, Penna. 44. Unmarried, lives with mother. Intense private athlete. "I run in the woods a lot or swim underwater; it's a great way to avoid people." Near-world-class in pentathlon. Noted scholar (founded Delaware Mus. Nat. Hist., gave it personal collection 250,000 seashells, then world's largest in private hands). Jean (Mrs. William Mason Sheehan): Coral Gables, Fla. 60. 3 marriages, 2 divorces; 4 children by second husband. Horsewoman. Said to resent naming of second husband instead of herself to run father's bank, Delaware Trust. Evelyn: 58. Divorced, remarried. Has stayed out of public view since helping auction late father's furniture. William III: El Paso, Tex. 31. Unmarried. Son of 1940s tennis star Margaret Osborne. Owns stud farm in Ky. and part-interest in *Thoroughbred Record*, weekly trade magazine. Father left $50 million to each of 5 children; should be over $125 million now (fifth child, William Henry, who changed name to Henry E.I. in 1973, has suffered severe business losses, believed to be worth much less).

Mary Jane du Pont Lunger

Inheritance. Wilmington, Del. 67. Widowed, 5 children. Father, Philip du Pont, ran $10 million inheritance up to $58 million in stock market, died 1928. She inherited $50 million (dissolute older sister cut off with mere $2 million). Married stockbroker; celebrated in horsey set as owner of Christiana Stables. Son Brett sometime Grand Prix auto racer. Fortune worth at least $125 million.

Katharine Graham

Washington Post Co. Washington, D.C. 66. Widowed, 4 children. Father Eugene Meyer, Wall St. banker, bought *Post* at bankruptcy 1933; she and husband Philip took over 1946. Expanded; bought *Newsweek* 1961. Since Philip's death 1963, has run company; her direct but low-keyed management style very successful. Went public 1971; newspaper was first to break Watergate story 1972. Son Donald, 38, is *Post* publisher, but she still controls majority Post Co. voting stock. Minimum net worth: $125 million.

Clarence Douglas Dillon

Investments. Far Hills, N.J. 74. Widowed, remarried, 2 children by

first marriage. Father was son of Polish immigrant, became leader of 1920s Wall St. establishment as Dillon, Read & Co.; died 1979. C. Douglas: distinguished public service as France ambassador 1953-57; Sec'y Treasury 1961-65; stepping down 1983 as chairman Met. Museum of Art (NYC). Sold Dillon, Read 1981. Controls family fortune—including 34% U.S. & Foreign Securities Corp., Château Haut-Brion vineyard (France), art, six homes, other investments—worth at least $125 million.

Nelson Doubleday Jr.

Publishing. Locust Valley, N.Y. 50. Divorced, remarried, 4 daughters by first wife, 2 stepchildren. Grandfather left Charles Scribner's Sons to cofound Doubleday & Co. predecessor 1897; father ran it until death 1949. Now Nelson Jr. controls largest hardcover trade book publisher, bookstores, book clubs (including Literary Guild), radio stations. Also N.Y. baseball Mets. Accused of being more interested in ball than books, but: "I spend 3 times more of my time on publishing than on the Mets." Sister pushed to take co. public but "the battle is over"; co. private. 1982 revenues over $500 million; his 51% interest worth at least $125 million.

Charles Shipman Payson

Entrepreneur, inheritance. Portland, Me. and Hobe Sound, Fla. 84. Widowed, remarried, 5 children (1 deceased). Inherited $3 million from first father-in-law, William Payne Whitney, obtained patent on stainless steel 1927. Merged company into Armco Steel, was longtime director. Also owned sugar plantations Jamaica and Cuba, later sold; other interests. Lately, horse breeding, also cattle. Has one-third interest in trust from estate of first wife, Joan Whitney Payson (owned N.Y. baseball Mets; d. 1975). This year gave $7 million-plus to build Portland art museum. Hunts quail Nov. to Feb. weekends on 17,000-acre Fla. ranch, said to be crack shot. With diversified stock portfolio, minimum net worth is $125 million.

W. Averell Harriman

Inheritance. Washington, D.C. 91. Divorced, widowed, remarried; 2 children by first wife. Son of Edward H. Harriman, 19th century rail lord, financier (d. 1909). Played world-class polo as youth; joined board father's Union Pacific age 21. Upon mother's death 1935, heir with 4 siblings (now deceased) to $69 million UP fortune; also father's admonition: "Great wealth requires great responsibilities." 40-year career as diplomat: ambassador to Russia, Great Britain (WWII); secretary of commerce; N.Y. governor 1955-58, etc. Still active. Liberal thinker, conservative spender. Stock, oil, real estate fortune worth at least $125 million.

Helen Clay Frick

Inheritance. Pittsburgh. 94. Never married. Strong-willed, worshipful daughter (and sole surviving child) of Henry Clay Frick. He was prototype "robber baron"; dominated Pittsburgh coke industry in Carnegie era; broke bloody Homestead Strike 1892. She inherited $38 million upon his death (1919); reportedly was canny businesswoman. Once lived near Frick Collection (NYC) established in his memory; now stays in secluded Pittsburgh mansion. "She's a private citizen and doesn't want to be disturbed at 94." If invested wisely, her fortune at least $125 million by now.

Glenn E. Nielson

Oil. Salt Lake City. 79. Married, 5 children. Canadian-born, came to U.S. 1934. Founded Husky Oil 1938, was producing 400 barrels per day through early 1940s. Canadian expansion led to major finds. "We made the mistake of going public" 1960s. Canadian nationalistic movement 1979 forced Husky to sell out. Nielson's 20% brought at least $100 million. Now selling 400,000-subscriber cable TV franchises Los Angeles. Real estate, U.S. oil, several small companies. Minimum net worth: $125 million.

Eddy Clark Scurlock

Oil. Houston. 78. Married, 1 daughter. Worked in sales for Standard Oil, ran gas station, then joined Minneapolis oil brokerage firm early 1930s. "Here I was, 1,000 miles from the nearest oil well, making money for some other guy. Why couldn't I do the same thing for myself?" Founded Scurlock Oil 1936. Believes in lucky 13: Born on 13th, graduated high school on 13th, arrived Houston on 13th. Biggest boom came in 1949; hit 13 for 13 wells. Sold some assets to Ashland Oil for $85 million cash 1982. Scurlock kept refineries, reserves. Has no debt. Minimum net worth: $125 million.

Malcolm Austin Borg

Publishing, broadcasting. Englewood and Spring Lake, N.J. 45. Married, 3 children. Grandfather John bought into *Bergen* (NJ) *Record*; wholly owned by family since 1930. Malcolm spent 1960s learning business, took over 1971; finished college after a second child born. Civic-minded; driven; heart attack age 26: "I worked very, very, very, very hard for a number of years." Newspaper (est. 1983 rev-

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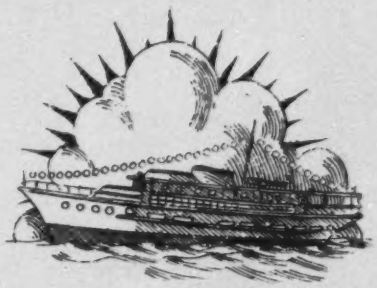
enues, $75 million) highly profitable. With 4 TV stations, Bergen Evening Record Corp. worth over $200 million. He votes all shares, beneficially owns 60% worth minimum $125 million.

Thomas Jordan

Oil, wine. Healdsburg, Calif. 48. Married, 3 children. Geologist and lawyer by training, founded Trend Exploration Ltd. in native Denver 1966. Explored for oil U.S., Canada, Europe, SE Asia; met with huge success in Indonesia. Sold company for $110 million in 1974. Moved to Sonoma County, put $15 million into winery, seeking to produce "elegance of a fine Bordeaux" in Calif. Expert opinion says he has. Also runs Jordan Oil & Gas Co. on side. Minimum net worth: $125 million.

Virginia McKnight Binger

Inheritance. Wayzata, Minn. 67. Married, 1 son, 2 daughters. Only child of William McKnight, 3M founder (d. 1978). Husband James, also 67, rose to chairman and CEO Honeywell, Inc., retired 1979 after 35 years. Now they own 5 Jujamcyn



theaters (named for the children) on New York's Broadway, profitable racehorses at Tartan Farms in Ocala, Fla. Enough interests to keep them both busy: "We're just doing our thing, here, there and wherever." Her parents each left $250 million, from which created $340 million humanities foundation. Her estimated net worth: $125 million or more.

Arthur Jones

Fitness. Ocala, Fla. 60s. Divorced 4 times, remarried; 3 children by third marriage. 9th-grade dropout ("I should have dropped out in the 6th grade."). Was animal importer for circuses, zookeeper. Spent 22 years designing the better weight-lifting machine; introduced Nautilus 1970. America discovered fitness; now Nautilus Sports/Medical Industries, Inc. (estimated revenues over $200 million) has over 100,000 machines sold. Lately: TV exercise, video programming and betting heavily on new back machine; considering going public. Still zookeeper: breeds crocodiles, tarantulas, rattlesnakes, etc. "Some of our research is so strange, we don't talk about it." Minimum net worth: $125 million. "If I can't make $20 billion on the back machine, I'll go shoot myself."

Malcolm Stevenson Forbes

Publishing. Far Hills, N.J. 64. Married, 5 children. Father B.C., Scottish immigrant, founded FORBES magazine 1917, built to preeminence in his day. Magazine languished during Depression, WWII. Rebuilt by sons Malcolm and Bruce, who inherited 1954. Bruce died 1964, Malcolm eventually becoming sole owner, guiding to dramatic increases readership, circulation (over 700,000), revenues, profitability. Also hot air balloonist, motorcyclist, yachtsman. Owns vast real estate (including Colorado ranch land, South Seas island, Tangier palace), Fabergé eggs, toy soldiers, art, etc. Net worth: See page 168.

Family Fortunes

Belk

Charlotte, N.C. Descendants of William Henry Belk, who opened a general store in Monroe, N.C. 1888, and of brother John, who joined him. Gave no credit; bought out, for pennies on the dollar, competitors who did give credit during hard times. Biggest growth period: Great Depression. About 25 family members own over 350 small corporations, mostly shared with local owner-managers. Family known to feud: "pure southern Gothic." Combined fortune easily exceeds $300 million.

Belz

Memphis. Three generations in real estate. Patriarch Philip, 79, began buying land mid-1930s. "We can count on one hand all the things we have sold." Now largest landlord in Tennessee, with over 600 tracts in Memphis' Shelby County alone: motels (some 15 Holiday Inns), shopping centers, industrial parks, office buildings, apartments, farmland. 2 of 3 sons killed in plane crash 1963. Son Jack, 55, now runs operations. Also 2 grandsons in business. "Family businesses that go public are usually sorry." Family worth exceeds $300 million.

Brown

Louisville. Descendants of George Garvin Brown, founder Brown-Forman Distilleries (Jack Daniels, Early Times) 1870 to make medicinal whiskey. Company stayed with premium products. Now run by great-grandson Lee Brown and cousin Owsley Frazier; also 4 other family members, numerous relatives of other employees: "If a man is hardworking, loyal and bright, chances are his son will be." Bought Southern Comfort 1979, Lenox, Inc. 1983. Family's stock worth $278 million.

Buck

California, et al. Descendants of Frank Buck, cofounder (1911) Belridge Oil. Family received $665 million from 1979 buyout by Shell, of which The San Francisco Foundation got $253 million *(see Faces)*. Eva, widow of Frank II (d. 1942), got largest single fortune, near $100 million: "I don't really know. I didn't go down to the meeting." Third and fourth generation share nearly $200 million. Nevada, New Mexico; family members going separate ways. C.B. Buck: "We sold the company, got the money in the bank; everybody's happy." Fortune worth minimum $350 million.

Cabot

Boston area. Descendants of John Cabot, immigrant (1700) merchant from Isle of Jersey. Famed Boston "Brahmins" ("The Lowells speak only to Cabots/And Cabots speak only to God"). Patriarch Thomas Cabot: "They got it [money] the hard way," i.e., married well. Godfrey Cabot founded Cabot Corp. 1882 to make carbon black from newly discovered natural gas. Family still holds 40%, worth $332 million. Louis W. Cabot, 62, heads the $1.5 billion company, two other family members sit on board. Paul Cabot, 85, built up Harvard's endowment; now Walter Cabot, 50, runs Harvard's investment arm.

Cargill/MacMillan

Origin: Minneapolis. Founder William W. Cargill, son of Scottish sea captain, born on Long Island, moved West, set up Cargill, Inc. 1865, quickly became leading Midwest grain trader. Across-the-street neighbor John Hugh MacMillan married Cargill's daughter 1895, became company president. Run by John, John Jr., to 1960. Now one of biggest grain traders in world, diversifying into other foodstuffs (beef, etc.), based near Minneapolis. 85% owned by Cargill and MacMillan families; interest exceeds $1.1 billion, of which some $700 million owned by James and Margaret Cargill, J. Hugh MacMillan, W. Duncan MacMillan, Marion MacMillan Pictet *(which see)*. Waycrosse, Inc., situated Minnetonka, manages most of family money.

Chandler

Los Angeles, et al. The dominant L.A. family; their *Times*, the dominant newspaper. Publisher and land magnate Harry Chandler died 1944; passed Times Mirror Co. fortune (now 31%) to his children; 3 are surviving. Son Norman (d. 1973) built up company business side 1950s, 1960s. Grandson Otis, 55, made editorial side one of best in U.S. Fewer than 50 descendants share trusts (17.7% of company) worth more than $475 million, excluding 3 surviving children of Harry *(see Ruth Chandler von Platen, Harrison Gray Chandler, Alice May Chandler Goodan)*.

Close

Ft. Mill, S.C., et al. Elliot White Springs, would-be writer, inherited 5 cotton mills from father 1931. Used WWII profits to expand to New York, moved into finished goods. Launched then-risqué national advertising campaign 1950: "A buck well spent on a Springmaid sheet." Died 1959; son-in-law H.W. Close took over, now chairman. Springs Industries now one of nation's largest manufacturers sheets, pillow cases, etc. Family (all Closes) owns 55%; other interests include insurance company, railroad, newspapers. Minimum family worth: $210 million.

Cohen

NYC. Brothers Sherman and Edward left William and Mary College to become men's clothing retailers; started Westchester construction company 1954, built midrise apartment buildings. Now they own large commercial properties NYC (incl. 666 Fifth Ave.); develop others. Sherman the financier, 59, dominant brother. Ed, 62, construction chief: "Manhattan is the beginning and the end of everything. This is it!" Avid golfers, but Sherman is better: "He concentrates more." Share fortune in excess of $200 million; they claim much higher.

Coors

Golden, Colo. and various. Descendants of Adolph Coors, German immigrant who built small brewery 1873. Became nation's largest. 2 grandsons, 2 great-grandsons run company, now 6th-largest U.S. brewer. Looking East, but popularity suffering from national campaign depicting it as antiunion, antiminority, antigay: Paul Newman switched to Budweiser. Grandson William Coors: "It's a bum rap, a smear on the company."

5 family members own all voting stock, more than 100 family members share 70% of company traded nonvoting shares. Family stake worth at least $625 million.

Cowles

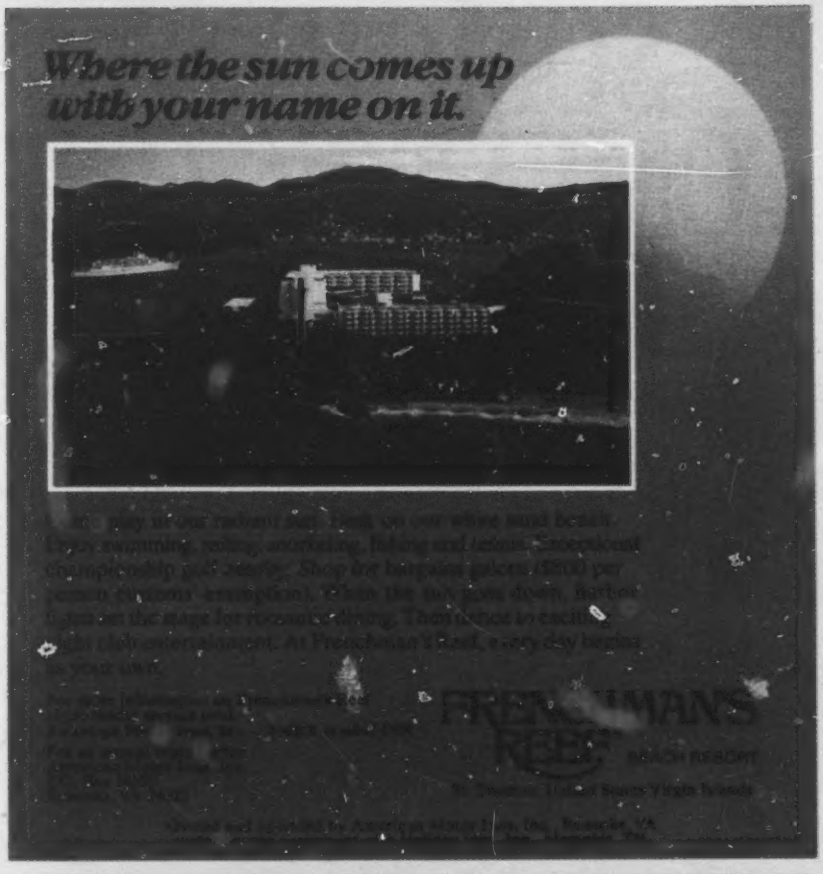
Des Moines and Minneapolis. Founder Gardner Cowles Sr. bought struggling Des Moines *Register* 1903 for $300,000; eliminated competition, added evening *Tribune*, built respectable newspaper. Son John Sr. (d. 1983) followed suit with struggling Minneapolis *Star*, from 1935. Second son Gardner (Mike) Jr., 80, was doing same with *Look* magazine until wiped out by TV. Third generation struggling with one another; lost some newspapers, profits, family unity. 1982: Tried to merge firms, but couln't agree; John Jr. ousted as president. "Well, there's been some in-fighting; I don't know whether you'd characterize it as a lot." 24 papers, 9 TV/radio stations, other interests. Over 70 family members share minimum $350 million.

Cullen

Houston. Descendants of Hugh Roy Cullen, legendary wildcatter; hit famed Tom O'Connor field early 1930s (500 million bbl.). Favored strategy: Drill abandoned dry holes deeper, find the oil. Founded Quintana Petroleum 1932. After only son was killed in oilfield accident 1936, Cullen gave away 90% of his $200 million fortune before death in 1957. Family built up immense oil and gas reserves again. Quintana now run by executive committee; no president. Son-in-law Corbin Robertson current leader of 52-member family. 2 distant grandsons, 1 mentally incompetent, have passive $12 million/year interest, suing for larger share of fortune *(see On The Docket)*. Net worth approaches $2 billion.

Davis

Jacksonville, Fla. and various. Descendants of William Milton Davis, who founded predecessor to Winn-Dixie Stores 1925 with $10,000. Four sons (1 is deceased) built company from 1930s; now 4th-largest supermarket chain with 1,210 outlets in 13 Sunbelt states (mostly Florida). Revenues over $7 billion. Still run largely by family; firm has resisted unionism through generous employee profit-sharing plan



Family Fortunes

(some 44% hold stock). Besides James E. *(which see)*, over 30 descendants hold 30% of stock worth $417 million.

Dayton

Minneapolis. Descendants of George Draper Dayton, banker with new vacant building in downtown Minneapolis 1902, bought dry goods company to have a tenant. Built into today's $5.9 billion (sales) Dayton-Hudson chain. Five grandsons, ages 58 to 69, raised on isolated farm, taught to cooperate; took over business 1950 and followed customers to the suburbs. Now mostly retired; they share 19% of company with their 16 children. Donald, 69: "If you're privileged, you have a stewardship to perform. You *have* to serve the community." Family's estimated worth: above $625 million *(see also Alida Rockefeller Dayton)*.

de Young

San Francisco and various. Descendants of Michael H. de Young (1849-1925), who started San Francisco *Chronicle* 1865 with brother Charles. Paper "entertained" public with local scandals, shoot-outs, mudslinging. Charles shot dead in office 1880 by angry reader. M.H. assumed editorial functions; years later, different reader tried to shoot *him*. De Youngs long feuding with rival Hearsts *(which see)*, but now publish joint Sunday edition to save costs. Great-grandson Richard T. Thieriot, 41, patriarch and publisher from 1977. Company has second, smaller paper (Ill.), TV stations, real estate, cable interests, etc. Fewer than 30 descendants (none with de Young surname) share fortune worth minimum $400 million.

Dikeou

Denver and Orlando, Fla. Pronounced "D-Q." Father Panayes (Pete) (d. 1977) emigrated from Greece 1921, wholesaled popcorn, then switched to more profitable real estate. Established family strategy: buy small parcels strategically located downtown; hold for long run; be last holdouts in land-assemblage deals. Sons John, George and Deno own 50 parcels totaling some 15 acres downtown Denver (about 700,000 sq. ft.); also Florida shopping centers, bank, etc. Minimum net worth, despite Denver real estate glut, $250 million. Deno: "We're just building a few more shopping centers and stuff, nothing gargantuan."

Donnelley

Origin: Chicago. Founder Richard R. Donnelley (d. 1899), saddlemaker's apprentice, unhappy, ran away to print shop; joined another as partner 1864. Rebuilt after Great Fire 1871 by family into R.R. Donnelley & Sons, now largest U.S. printer (for *Time, Newsweek*, Sears catalog, et al.); 1982 revenues $1.4 billion. Family still owns 21%. Also Reuben H. Donnelley Co., one of largest publishers Yellow Pages, sold to Dun & Bradstreet 1961 for $80 million in stock. Gaylord, 73, recently retired chairman, last of third generation, has single largest fortune, around $100 million. All told, some 75 descendants worth minimum $475 million.

du Pont

Delaware and various. Descendants of original Pierre Samuel du Pont de Nemours (1739-1817), who made his 2 sons swear over their mother's grave: Remain united forever. Then emigrated with them to America 1800. After 8 generations, with 6 major branches, over 1,700 living members, bond finally near disintegration. Family still controls about 20% E.I. Du Pont de Nemours & Co., 7% General Motors, etc., through Wilmington Trust, Delaware Trust or directly. But family's traditional calling day (New Year's) in Delaware "chateau country" now requires name tags to identify male relations giving flowers or candy, female relations receiving. Total net worth of all du Ponts: over $10 billion. (Includes 26 family members listed individually, the Laird family and the heirs of Pierre Samuel du Pont).

The Heirs of Pierre Samuel du Pont

Delaware area. The numerous descendants of Pierre Samuel du Pont's (1870-1954) 8 brothers and sisters. Orphaned early, Pierre acted as paterfamilias. Split with other du Pont branches over sale of family explosives company; arranged leveraged buyout with 2 cousins 1902; later bought out 1 cousin, split with other, took control of E.I. Du Pont de Nemours & Co. 1915. Profited enormously from WWI (sold 45% of explosives used by Allies). Financed, helped engineer turnaround of General Motors 1920s for approximately 23% of stock. Similarly, later, U.S. Rubber. Childless; divided wealth among brothers and sisters, now all deceased; their descendants worth at least $9 billion (included in du Pont total above).

Entenmann

Long Island, N.Y. William Entenmann Sr. opened mom-and-pop bakery in Brooklyn in 1898; by 1978 it had become 14-acre Bay Shore, N.Y. plant, a smaller one in Florida, 500 trucks and a public company. Main secret: 45% to 50% of sales dollar into high-quality ingredients. Still run by widow, "Mrs. E.," 78, and 2 of her 3 sons. Sold 1978 to Warner-Lambert (since sold again, to General Foods); family's share was $194 million. With other interests family worth at least $200 million.

Garvey

Wichita. Ray Hugh Garvey (d. 1959) bought half of tiny Kendall Land Co. 1917 for $500 earned from Topeka paper route. Ended partnership early 1920s with 12,500 farmable acres. Bought small gas station chain 1924. During Depression was a referee for the bankruptcy court and "knew before anyone what to buy." Acquired banks, foreclosed farms. After Depression became oil, grain, real estate empire divided among 4 children: Willard, 62; James, 60; Olivia Garvey Lincoln, 57; Ruth Garvey Fink, 66. Widow Olive, 89, heads family trusts; each child manages a division. Says Olivia: "Each division has become more valuable than the entire enterprise was at the time of Ray Garvey's death." Minimum family net worth: $500 million.

Haas

San Francisco. Levi Strauss, drawn from Bavaria by Calif. gold rush, offered patented blue jeans 1873; prospered. Walter Haas Sr. married

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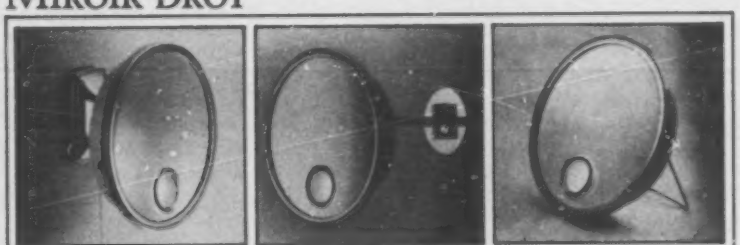

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grandniece, ran company 1928-70. By 1956, sales $30 million a Far West institution; that year James Dean starred in movie wearing jeans. Now Levi Strauss & Co. over $2.5 billion annual sales. Original 501 double-X waist overall from 1873 still a major seller. Haas family, excluding shares of current family leaders Peter E. and Walter Jr. *(which see)*, own stock worth some $500 million.

The Children of John Randolph Hearst Jr.

NYC area, California, et al. Children of John Randolph Hearst Sr. (d. 1958), one of 5 sons of media mogul William Randolph Hearst; each received 20% of Hearst Corp. trust; 3 survive *(see William Randolph Hearst Jr., et al.)*. By 2 marriages, John, eldest, had 2 sons and 2 daughters; they share his 20% worth minimum $250 million. John Jr., 50, is active in company. Other son, William II, lives under assumed name on West Coast.

Hechinger/England

Origin: Washington, D.C. Sidney L Hechinger (d. 1958) began wrecking company 1911; sold salvage on spot. First permanent store 1925 when Sidney purchased 25 D.C. acres after WWI business boom. Now Hechinger Co. sells lumber, home remodeling supplies, furnishings. Went public 1972 when revenues were $28 million with 10 stores; now top $200 million with 37 stores. Little diversification: "Many people jump around, don't stay on one track. We're not like that." Son John W., 63, son-in-law Richard England, 63, share company management. The 2 family wings own 8 million shares, other assets, worth over $200 million.

Hillenbrand

Batesville, Ind. Descendants of John Hillenbrand, one of many German immigrant woodworkers who moved to well-forested southeast Ind. Founded lumber co. 1884, sold soon after turn of century to concentrate on casketmaking. Sons added hospital furniture business 1928; now leader in both markets. Co. run by son, Daniel, 59, grandson W. August, 42. Bought American Tourister (luggage) 1978. Well over 100 family members share 6.3

Family Fortunes

million shares Hillenbrand Industries, recently worth $273 million.

Hoiles

Santa Ana and Marysville, Calif., et al. Two surviving children (of 4) and 10 grandchildren Raymond C. Hoiles (1878-1970), founder Freedom Newspapers, Inc. Doctrinaire libertarians: opposed to gov't. services, taxation, labor unions. Now 29 papers in 11 states (total circ. over 860,000), plus 2 TV stations. Flagship property still Santa Ana *Register*, from 1935. Three family branches now squabbling; one side hopes to dissolve and distribute assets. Harry, 67, ousted from management 1982: "My father would have raised a lot of Cain about this." Minimal debt; Hoiles fortune worth at least $400 million.

Horvitz

Cleveland area; Hollywood, Fla. Three sons and grandchildren of Samuel A. Horvitz, self-made entrepreneur (8th-grade education) who built 3 substantial businesses. Died 1956; trust owns: 5 medium-size newspapers, plus cable interests (run by Harry, 63); Cleveland construction firm (Leonard, 60); lucrative Florida coast real estate (William, 56). Recently sold 55 oceanfront acres to state for $42 million. Squabbles over family trust erupted in lawsuit 1979. Now? William: "We are in business together." Said grin.ly. Family net worth exceeds $200 million.

Houghton

Origin: Corning, N.Y. Five generations owning or controlling Corning Glass Works (Steuben Glass, Corning Ware, etc.). Family owns some 6.3 million shares, mostly in trusts. Principal members: Amory Houghton Jr., chairman executive committee; James R. Houghton, chairman. Their father's cousin, Arthur Jr., regarded as richest individual family member. With stock, dividend history, family minimum net worth is $500 million.

Kennedy

Origin: Boston. Descendants of entrepreneur/speculator Joseph P. Kennedy. He became bank president at 25, then Wall St. speculator. Sold major holdings year before Crash, then shorted for huge profits. After WWII, plowed fortune into real estate, oil, some stocks (d. 1969). Today, trusts held by widow Rose, 93, and 5 of 9 children, including Senator Edward Kennedy. (John F., Robert F., Joseph Jr. and Kathleen deceased.) Also 29 grandchildren and 5 great-grandchildren. Biggest asset: Merchandise Mart (Chicago). Family's minimum net worth: $400 million.

Kleberg

King Ranch, Tex. Richard King, Rio Grande steamboat captain, bought Spanish land grants in Wild Horse Desert of south Texas 1850s. Followed friend General Robert E. Lee's advice: "Buy land and never sell." Now 825,000-acre King Ranch; cattle and oil. (Son-in-law added Kleberg name.) Grandson Bob Kleberg Jr. developed Santa Gertrudis, first new cattle breed in Western Hemisphere. Fifth generation still owns and operates. Minimum net worth: $750 million, divided among 60 heirs, in addition to holdings of Robert Shelton and Belton Johnson *(which see)*.

Laird

Delaware. 5 children, 12 grandchildren of Mary Alletta du Pont (d. 1938) and William Winder Laird (d. 1927). Children shared in 1940s distribution of wealth by uncle Pierre Samuel du Pont *(see du Pont family)*. Combined fortune probably exceeds $400 million.

Lykes

Origin: Florida. Descendants of Dr. Howell Tyson Lykes; settled in Florida 1870s, bought land, made fortune raising and shipping cattle to Cuba. Established family compound Tampa 1895, branched out with 8 children to other regions, shipping; died 1906. Later family invested in insurance, banks, real estate, citrus; steel 1960s (Lykes Corp., merged with LTV Corp. 1978). Steamship line bought back by family 1982. Today own 400,000 acres Florida, 240,000 in Texas; Cuban acreage lost in Castro takeover. Nearly 200 members meet annually in Tampa, quietly govern empire worth at least $1 billion.

Mack

NYC and Great Neck, N.Y. Polish immigrant Philip Mack began construction/demolition co. around turn of the century. Son H. Bert, with 3 of his 4 sons, created new, integrated Mack Co. 1964. Plans, builds, manages property mostly in suburban N.J., Florida, Penna., NYC area. In 1960s built N.J. Meadowlands industrial sites; in 1970s office development (tenants include AT&T, IBM, Xerox). Today has 85% equity in 4 million sq. ft. office space, 9 million sq. ft. industrial space. H. Bert, 74, still active. Family worth over $200 million.

Mayer

Madison, Wis. Original Oscar Mayer emigrated from Bavaria 1873 at age 14; opened sausage shop 1883 in Chicago. Traded on premium quality, image and price; formula has worked 100 years. Oscar G. Jr. was CEO 1966-73; sold company to General Foods 1981. Some 300 descendants, in-laws share fortune exceeding $200 million.

McClatchy

Sacramento, Calif., et al. James McClatchy started flagship *Sacramento Bee* 1857; now McClatchy Newspapers owns 2 other *Bees* (Fresno, Modesto), plus string of smaller papers (total circ. over 500,000). Granddaughter Eleanor (d. 1980) ran operation from 1936; became one of West's most powerful women. Her nephew, Charles Kenny, 56, is current patriarch; bought ailing *Anchorage Daily News* 1979; sold TV stations; expanding heavily in regional cable. C.K. controls majority voting stock; fewer than 20 family members keep low profile, own company worth minimum $300 million.

McCormick/Patterson

Chicago. Descendants of Colonel Robert Rutherford McCormick (d. 1955) and cousin, Capta. Joseph Medill Patterson (d. 1946), builders of Tribune Co. Major properties include *Chicago Tribune* and WGN-TV, New York *Daily News* and WPIX-TV. Also Chicago baseball Cubs, other papers, stations, cable systems. Once top circulation

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chain in U.S., now 4th; 1982 revenues over $1.5 billion. Going public 1983. Colonel's niece, Ruth McCormick Tankersley, 62, is wealthiest descendant with 5%. Widely dispersed family members known to own one-third of stock; estimated worth over $300 million.

McGraw

NYC area. Three generations have owned or controlled McGraw-Hill, Inc. after James H. McGraw Sr. got piece of magazine 1880s in lieu of unpaid subscription commissions. *American Journal of Railway Appliances* launched 1882. Now 62 publications, 12 news services, etc., plus 2 book divisions (revenues $1.2 billion). Current patriarch Harold W. McGraw Jr., 65, recently retired as CEO; now chmn.; led successful fight against Amex takeover bid 1979. "They thought this was a family company with golf clubs behind the door." About 30 family members share 20% worth $400 million.

Moody

Galveston. Descendants of William Lewis Moody Jr. (1865-1954). Founded American National Insurance Co. 1905; 1907 law forcing out non-Texan insurers proved vast bonanza. Built banking, ranching, hotel, etc. empire (during Depression, financially strapped Conrad Hilton sold out to Moody under gentleman's agreement, bought back for same price when finances improved). Family branch in Galveston, long divided, lately reconciled. Today 3 principal members control ANI, Moody National Bank, etc. Minimum net worth: $350 million.

Nordstrom

Seattle. John W. Nordstrom, Swedish immigrant, arrived at Ellis Island 1888 with $5. Traveled west as logger and miner, learned English, made $13,000 in 1896 Klondike Gold Rush. Settled in Seattle, opened Wallin and Nordstrom Shoes 1901. Bought out partner 1929, turned over to 3 sons 1930. Became largest independent U.S. shoe chain 1963; diversified; went public 1973. Now third generation runs second-leading specialty apparel retailer (revenues over $600 million). Bruce Nordstrom, grandson: "There is nothing special about what we do. When the customer talks, we jump." Some 25

Family Fortunes

family members share 48% of stock worth over $320 million.

O'Connor

Victoria, Tex. Descendants of Thomas O'Connor (d. 1887), who built 500,000-acre, 100,000-head ranching empire in south Texas. Family land holdings include part of Tom O'Connor field, one of most productive in Texas. Numerous descendants still hold empire; among most closemouthed people in state. Family branched into banking to have a place to deposit money. Tom O'Connor Jr., great-grandson, is current family leader. Net worth exceeds $750 million.

Pew

Philadelphia-based. The heirs and collateral descendants of Joseph Newton Pew Sr. Born 1848 near Titusville, Penna. in the early oil days. Developed first methods to capture, pipeline natural gas. Bought big into legendary Spindletop strike 1901. Founded Sun Oil Co. Family still has control, but "it's not a tight-knit organization with an 'el supremo' telling it what to do." Over 400 members share fortune of some $310 million of Sun Co. stock. Does not include charitable trusts worth $1.4 billion, controlling 27% of Sun.

Phipps

Origin: Pittsburgh. Steel pioneer Henry Phipps (1839-1930), Philadelphia cobbler's son, as a child moved to Allegheny, Penna., into house neighboring Andrew Carnegie's. When Carnegie sold out to J.P. Morgan 1901, Phipps got $50 million; took stock while Carnegie took bonds. Set up Bessemer Trust 1911 for his 5 children, descendants. Now in 5th generation, long divided over management of trusts. Family member: "You know the old saying, 'The Lodges speak only to the Cabots, and the Cabots speak only to God'? Well, the Phippses speak to no one. Not even to each other." 5 branches divide Bessemer holdings; securities, real estate, shipping, oil and gas worth over $1 billion, excluding share of Howard Phipps Jr. and Anne Phipps Sidamon-Eristoff *(which see)*.

Pitcairn

Philadelphia area. Former telegrapher from Pennsylvania Railroad, John Pitcairn established glassmaking plant western Pennsylvania 1883. Split between partners led to 2 companies, Pitcairn's PPG Industries and rival Libbey-Owens-Ford. Today, 18 grandchildren, 220 other descendants share in family holding company, Pitcairn Co., worth at least $500 million. Still holds 14% of PPG.

Pulitzer

St. Louis. Descendants of Joseph Pulitzer (1847-1911), Hungarian immigrant, sometime politician. Bought bankrupt *Post-Dispatch* 1878, specialized in muckraking: "The crusade was simply the Pulitzer personality in print." Later bought New York *World*, built into one of top U.S. papers, now defunct. With W.R. Hearst, put "yellow journalism" in the language with Spanish-American War. Later established Pulitzer prizes. His male descendants and their families share ownership of Pulitzer Publishing Co. (2 dailies, 2 radio, 7 TV stations, etc.), worth minimum $400 million.

Resnick

NYC and Rye, N.Y. Jack, 76, started as small Bronx builder 1928, moved to Manhattan 1950s, bought, held properties. Helped found Albert Einstein College of Medicine (NYC); also Hebrew University (Israel), more. Son Burton, 46, is chief operating officer Jack Resnick & Sons, Inc.: own over 4 million sq. ft. NYC office space, plus thousands of apartments. Built, sold Florida condos from 1968. Equity easily exceeds $350 million, but silent partners, principally Belfers *(see Arthur)*, have some. Family's net worth: probably $250 million. Denied by them.

Richardson

North Carolina and Connecticut. Lunsford Richardson ran small Greensboro, N.C. pharmacy at turn of century, sold 1907 to finance creation of Vicks VapoRub. Son H. Smith Sr. (d. 1972) principal builder Vicks Chemical. Company soared during post WWI flu epidemic; went public 1925. As Richardson-Merrell Inc. (Cepacol, Bendectin), sold to Dow Chemical 1981; family's 27% share brought roughly $80 million in stock. Created Richardson-Vicks (Clearasil, NyQuil); family owns about 16%. Also 50% Piedmont Management, Greensboro real estate, many other investments. "You don't put all your eggs in one basket unless you're nuts." Roughly 120 descendants, 5 at business core, share fortune of at least $220 million.

The Heirs of William Rockefeller

Greenwich, Conn., NYC area and various. Numerous descendants of William Rockefeller (1841-1922), genial brother of John D. and cofounder of Standard Oil monopoly. William ran Standard of N.Y. (now Mobil) until Supreme Court dissolution 1911; owned roughly 12.5% of "Trust," plus much railroad, utility stock. Two sons married daughters of James Stillman, head of National City Bank of N.Y. (now Citicorp and family's H.Q.). Two daughters married into other fortunes: McAlpin, Dodge. Still own substantial Greenwich land, but investments (mostly energy-related stocks) are conservatively managed, highly decentralized; some handled at family's Indian Rock Corp. (NYC). Less philanthropic and visible than John D. side. Great-great-grandson David M. McAlpin: "That's because we're not as rich." Over 75 descendants share minimum $250 million, most in trusts.

Rose

NYC. Rose Associates one of NYC's oldest, largest investment builders of apartments. David, 92, began in Bronx 1920s, later switched to more profitable Manhattan. Now 3 nephews run firm; all brothers and Yale scholars. Chairman Frederick handles construction, long-range financing; president Daniel ("the thinker") handles long-range planning and joint ventures while Elihu manages. Own vast residential/commercial properties Manhattan; also Boston, etc.; many with large institutional partners. Secretive; maintain low profile: "They're not flamboyant, they're responsible." Elaborately deny having substantial

Family Fortunes

equity base in own properties; knowledgeable peers say otherwise. Family's estimated minimum net worth: $200 million.

Rosenwald

Philadelphia area, NYC et al. Descendants of Julius Rosenwald, mail-order sales pioneer who bought out Alvah C. Roebuck (1895) and Richard Sears (1908). His idea: suburban and rural retailing. It worked; Sears now over $17 billion sales. Family still believed to have vast company holdings, though well-hidden. Son Lessing (d. 1979) was one of world's leading art and print collectors. Son William, 80 (founder United Jewish Appeal), now controls largest share of fortune, over 90% American Securities Corp., controlling holder Ametek. "Old JR" and widely dispersed heirs well known for huge philanthropy (e.g., art, Jewish causes). Still somewhat centralized; combined family wealth should far exceed $300 million.

Scripps (E.W.)

Origin: Cincinnati. Populist crusader Edward Wyllis Scripps (1854-1926) started flagship *Cleveland Press* 1878, grew to become once-largest U.S. newspaper chain. Family long feuding: E.W. broke early from half-brother James *(see below)*, who formed own company. Children of E.W. also split: 1 grandson now runs separate chain *(see Edward Wyllis Scripps)*, while 6 other grandchildren and their offspring own about 88% E.W. Scripps Co., 66% Scripps-Howard Broadcasting. Long run by minority (12%) Howard family; heavy in evening papers. Sold moneylosing *Press* 1980, UPI wire service 1982. Now 16 dailies (circ. 1.5 million), plus syndicates, etc.; nonfamily CEO attempting turnaround. This scattered Scripps branch (40-plus members) worth minimum $550 million. Trust to dissolve after deaths of 4 eldest grandchildren.

Scripps (J.E.)

Detroit area, La Jolla, Calif., et al. Descendants of James Edward Scripps (1835-1906), English immigrant. Conceived radical departure from flowery, elitist papers of his time: short, simple stories written for burgeoning working class. Borrowed heavily for flagship *Detroit News* 1873; persuaded brothers to sell family farm to finance. Runaway success; formula applied elsewhere. Split from half-brother E.W. *(see above)*, went separate ways early 1900s. Now Evening News Association headed by great-grandson Peter Booth Clark (9 newspapers, 5 TV, 2 radio stations); family owns nearly all. Booth Newspapers sold to Newhouse 1976 for $300 million; family's share 34%. Over 50 descendants have minimum net worth of $350 million.

Scully

Buffalo and Dwight, Ill., Beatrice, Neb. Descendants of "Lord" William Scully, moneyed Irish immigrant who traveled through Midwest mid-1800s with small spade to sample soil quality. Acquired nearly 250,000 acres rich farmland ("Scullyland") in Illinois, Kansas, Nebraska, Missouri; swampland with oil in Louisiana. "Neither lord nor viscount, but a gentleman . . . given the title of 'lord' by the people of Illinois." Divided estate between 2 sons, Thomas and Frederick. Missouri holdings sold 1941 to government. Now, 4 grandsons and their children own over 200,000 acres, mostly leased to independent farmers. Family worth exceeds $400 million.

Shapiro

Origin: Boston. 4 Shapiro brothers, Russian immigrants, started Eastern Baking Co., producer ice cream cones 1911. Moved to Baltimore, thinking ice cream more popular in South. Built into Maryland Cup Corp., largest maker of cones; also leading producer of disposables, paper goods for hospitals, fast food chains, stadiums, etc. Biggest break: landing McDonald's contract. Shapiros ran company closely; 9 of 13 directors had been family members. Henry Shapiro: "This is not a Shapiro business." Now selling to Ft. Howard Paper Co.; family's 50%-plus of stock, shared by 70 members, will bring at least $270 million.

Smith

Origin: Chicago. Four Smith brothers financed 2 Swedish toolmakers, cofounded Illinois Tool Works 1912. Produces nuts, bolts, screws, etc.; most items sell for less than a penny. Adds up: annual sales $450 million. Early 1960s developed new plastic fastener; plastic packaging division now 20% of sales. "Their goods are the Band-Aid and Kleenex of fasteners." Harold Smith, 3rd generation, formerly president, now chairman of executive committee; also chief fundraiser Republican Party Illinois. Family controls over 4 million shares, also interest in Northern Trust Co.; worth exceeds $225 million.

Sulzberger

NYC. Adolph S. Ochs (1858-1935) bought *New York Times* 1896 for $75,000; thrived as alternative to era's "yellow journalism," built into one of world's most comprehensive and respected newspapers. Today run by grandson Arthur Ochs ("Punch") Sulzberger, 57, who began diversification early 1970s. Company now owns 30 regional papers, 4 magazines, TV stations, book company, cable, etc.; estimated 1983 billings over $1 billion. Both Arthur and matriarchal mother Iphigene, 91, preside over trust that controls board, 20%-plus of voting stock. Family members worth minimum $300 million.

Swig

San Francisco. Real estate magnate Ben Swig (d. 1980) operated in Boston while partner Jack Weiler *(see family)* operated in NYC; moved to San Francisco 1946; bought commercial property, developed exclusive 4-hotel Fairmont chain (S.F., New Orleans, Dallas, Denver). Partners with Weilers, except in hotels. Son Mel, 66, heads real estate operations; once owned predecessor of Minnesota North Stars (hockey). Son Richard, 58, runs hotels, while son-in-law Richard Dinner, 62, comanages vast holdings. These 4 share fortune worth minimum $300 million.

Temple

Texas. Descendants of Thomas Louis Latané Temple Sr., who acquired 7,000 acres Texas timber 1893. At his death (1934): 200,000 acres and debt-ridden company. By

Family Fortunes

1973, half-million acres lovingly tended forest, earning $9.6 million a year, run by grandson Arthur Jr. (from 1951). He "integrated forward" by merging with Time Inc.; recently retired as vice chairman, age 63. Now runs family investment company. Some 20 Temple descendants own roughly 13% of Time stock, etc.; minimum net worth $650 million.

Thompson

Dallas. 3 sons of Joe C. Thompson Jr. (d. 1961), ice seller who figured 1927 that late-night customers might want bread and milk, too. They did. Today, The Southland Corp.: 10,000 7-Eleven stores worldwide, 1,135 other retail outlets; $6.8 billion annual revenues. John, 57, CEO; Jere, 51, president; Jodie, 43, senior executive vice president. Sons aggressively expanded added to product line, including self-service gasoline. Family has 4.8 million Southland shares; with 26 years of dividends (currently $4 million/year), net worth must exceed $225 million.

Uihlein

Milwaukee. Descendants of 4 Uihlein brothers; August was the first to emigrate from Germany 1850; worked in uncle's brewery. Aunt remarried, changed her name; changed company name to Jos. Schlitz Brewing Co. Taken over by brothers 1875 on Joseph Schlitz' death. Family members ran company through 1977; taken over by Stroh Brewing 1982. David Uihlein: "I wouldn't get into bed with just anyone. I want only the best for Schlitz." 450 members tendered over 20 million shares for some $350 million.

Upjohn

Kalamazoo, Mich. Descendants of Drs. Henry and William Erastus Upjohn, brothers who developed first readily dissolvable pill (allowing accurate dosages). Founded Upjohn Pill and Granule Co. 1886. Company went public 1958; first outside director 1968. Today's Upjohn Co. (makers Motrin, Kaopectate, Unicap vitamins, etc.) approaching $2 billion sales; headed by husbands of 2 granddaughters of founder W.E. Over 20 descendants share roughly 30% of stock, worth $485 million.

Weiler

NYC. Jack Weiler, 78, operated in New York while late partner Ben Swig *(see family)* handled Boston, then San Francisco. Top lease locator, broker for big retail chains 1940s, 1950s. Acquired commercial properties mostly NYC, also Houston, Cincinnati, etc. Former chairman United Jewish Appeal; now reportedly spending bulk of time with various charities. All property said to be in names of children: son Alan, attorney, said to be "brain" of outfit now; son-in-law Robert Arnow, most visible member otherwise reticent family (also chaired UJA). Half interest Fairmont Hotels sold to Swigs (cousins) 1982 for estimated $150 million. Share minimum $350 million.

Weyerhaeuser

St. Paul, Washington state, et al. Numerous descendants of Frederick Weyerhaeuser (1834-1914), German immigrant. Sawmill where he worked bankrupted in 1858 panic; he took over. Became acknowledged leader timber cutters; cut swath west from St. Paul to Pacific. Bailed out RR magnate James J. Hill 1900, bought 900,000 acres for $6 an acre. Family still dominates, owns about 10% of, Weyerhaeuser Co. Vast diversified family interests: 33% Potlatch, 11% Comshare, 33% First National Bank in Palm Beach, numerous privately held companies, etc. Close to 200 descendants share fortune worth at least $750 million.

Whittenburg

Amarillo, Tex. Descendants of sod farmer James A. Whittenburg (d. 1920) whose son George homesteaded Panhandle ranch 1898. Now 40,000 acres, 250,000 more in New Mexico, 40,000 in Colorado: ranching, with oil and gas under much of it. Once owned all major local media properties, sold by 1972 for over $50 million. Fragmented; over 200 family members share fortune worth at least $250 million.

Whittier

Southern California. Descendants of Mericos H. Whittier, oilman and cofounder (1911) Belridge Oil; its first president until his death 1925. Son Leland president 1965 to 1979. Upon sale to Shell Oil 1979, family received $675 million. $200 million-plus to taxes, remainder to 4 children, grandchildren, etc. Family also has considerable other holdings, including M.H. Whittier Co., family oil company. Minimum net worth: $600 million.

Wirtz

Chicago. Arthur M. Wirtz ("King Arthur" to friends) began buying Chicago properties 1920s, later developed keen eye for Depression bargains, built huge real estate empire. Hooked up with legendary grain speculator Jim Norris (d. 1966); together promoted over 50 championship boxing bouts; had massive sports empire broken up in classic antitrust suit 1957. Arthur died July 1983; 2 sons, 2 daughters share holdings: banks, liquor distributorships, 52% Chicago hockey Black Hawks, 30% basketball Bulls, Chicago Stadium, some 50 residential bldgs., 400-acre farm, hotel, racing stables, etc. Son William, 53, president Wirtz Corp. from 1964. Family fortune estimated at $300 million.

Wolfe

Columbus, Ohio and California. Fourteen descendants of brothers Robert F. and Harry P. Wolfe, builders of 19th-century fortune based on Wear-U-Well shoes. Long since diversified into newspaper (bought Columbus *Dispatch* 1905), TV and radio stations, investment banking, farmland. Political influence: considered one of Ohio's most powerful families. Grandsons John W. and John F. (cousins) are current patriarchs, lead family worth minimum $300 million. "We're not selling, so who would know?"

Dropouts

No longer among The Four Hundred

Seventy-four individuals leave The Forbes Four Hundred this year. Of the superrich emeriti, 13 died, 5 suffered serious financial setbacks (though all remain enviably rich) and 15 fortunes were reallocated for various reasons. The other 41 simply could not keep pace with their rising peers.

Died:

Brown, George R. $100 million fortune 1982. Entrepreneur (construction, oil and gas production). Houston. Died Jan. 22, 1983 of heart failure, age 84. Survived by widow, Alice, 3 daughters, 14 grandchildren, 7 great-grandchildren.

Copeland, Lammot du Pont Sr. $400 million fortune 1982. Du Pont Co. (inheritance). Greenville, Del. Was wealthiest individual du Pont. Died July 1, 1983 of a heart attack, age 78. Survived by widow, Pamela, 2 sons, 1 daughter, 10 grandchildren *(see family, p. 151)*.

Darrin, David M. $100 million fortune 1982. Automatic Switch Co. stock. Livingston, N.J. Died June 6, 1983 of cancer, age 65. Survived by widow, Margaret, and 3 sons.

Du Pont (Scott), Marion. $300 million fortune 1982. Du Pont Co. (inheritance). Montpelier, Va. and Camden, S.C. Died Sept. 4, 1983 after long illness, age 89. Was twice divorced, (once from actor Randolph Scott), childless. Estate believed to go to 5 nieces and nephews *(see John Eleuthère du Pont, et al., p. 141)*.

Fasken, David. $170 million fortune 1982. Oil. California. Died Dec. 30, 1982, age 67. Childless; survived by widow and several relatives.

Hall, Joyce Clyde. $200 million fortune 1982. Hallmark Cards. Kansas City, Mo. Died Oct. 29, 1982, age 91. Survived by son *(see Donald J. Hall, p. 90)*, 2 daughters, a sister, 11 grandchildren, several great-grandchildren.

Johnson, John Seward. $170 million fortune 1982. Johnson & Johnson. Ft. Pierce, Fla. Died May 23, 1983, age 87. Survived by widow (and third wife), Barbara, a son and 3 daughters by first marriage, a son and daughter by second marriage and a sister.

Kalikow, Harold J. $100 million fortune 1982. Real estate. NYC. Died July 2, 1983 following stroke, age 73. Survived by widow, Juliet, 1 son *(see Peter S. Kalikow, p. 106)*, 1 daughter, 2 grandchildren.

Keck, William M. Jr. $100 million fortune 1982. Superior Oil Co. Los Angeles. Died Nov. 8, 1982 of a heart attack, age 72. Survived by widow, Marie, 1 son *(see William Keck II, p. 104)*, 3 grandsons.

Lansky, Meyer. $100 million fortune 1982. Mob moneyman (casinos, motels, et al.) Miami Beach. Died Jan. 15, 1983 of cancer, age 81. Survived by widow, Thelma, 2 sons and 1 daughter by a previous marriage.

Lauder, Joseph H. $125 million fortune 1982. Cosmetics. NYC and Palm Beach, Fla. Died Jan. 15, 1983 of a heart attack. 70s. Survived by widow, 2 sons, 4 grandchildren *(see Estée, Leonard and Ronald Lauder, p. 117)*.

McNeil, Henry Slack. $168 million fortune 1982. Pharmaceuticals (Johnson & Johnson stock). Plymouth Meeting, Penna. Died May 2, 1983 of a heart attack, age 66. Survived by widow, Lois, 2 sons, 2 daughters, 9 grandchildren.

Wirtz, Arthur M. $300 million fortune 1982. Real estate, sports, et al. Chicago. Died July 21, 1983 of cancer, age 82. Estate passes to 2 sons and 2 daughters *(see Wirtz family, p. 159)*. Also survived by 10 grandchildren, 6 great-grandchildren.

Declined:

Grant, Charles B. $200 million fortune 1982. Oil well supplies. Houston. Age 62. Oilfield supplies industry has suffered serious setbacks due to dropping oil prices. The Grant Corporations were no exception.

Hefner, Robert A. III. $150 million fortune 1982. Natural gas. Oklahoma City. Age 48. Drills deepest gas wells in the world (35,000 ft.), but prices fell dramatically this year, and Hefner's GHK Co. was hurt accordingly.

Richards, Roy. $100 million fortune 1982. Cable manufacturer. Carrollton, Ga. Age 71. Aluminum and copper prices weak in 1982; the value of Richard's Southwire Co. down considerably. "We had a disastrous year," he said. "Call me in 1984."

Sutton, Robert B. $150 million fortune 1982. Oil reseller and producer. Breaux Bridge, La. Age 50. Believed to be suffering continual asset depletion due to frozen assets, legal troubles and consequent difficulty conducting business *(see* FORBES, *Aug. 1, 1983)*.

Zarrow, Henry. $100 million fortune 1982. Oilfield supplies. Tulsa. Age 67. Experiencing hardships in a currently depressed industry.

Left behind:

Allison, Fred M. Jr. $100 million fortune 1982. Oil. Midland, Tex. Age 64. With oil prices down, his known reserves have decreased in value below this year's $125 million cutoff.

Arnow, Robert H. $100 million fortune 1982. Real estate. NYC. Age 60. Son-in-law of Jack D. Weiler, brother-in-law of Alan *(see both, p. 162)*. No significant change in business activity to warrant net worth rise *(see Weiler family, p. 159)*.

Biggs, Electra Waggoner. $150 million fortune 1982. Oil (inheritance). Vernon, Tex. Age 64. Oil prices down. With downward reevaluation of relatively dry 500,000-acre-plus Waggoner Ranch (she has 50%), new estimate under $125 million *(see Albert Buckman Wharton III, p. 162)*.

Bright, Harvey R. (Bum). $125 million fortune 1982. Oil, trucking. Dallas. Age 62. Oil and trucking both troubled these days.

Brown, William Lee Lyons Jr. $125 million fortune 1982. Brown-Forman Distillers Corp. Louisville, Ky. Age 47. Stock in liquor company failed to rise *(see cousin Owsley Brown Frazier (p. 162) and Brown Family, p. 148)*.

Cockrell, Ernest H. $130 million fortune 1982. Oil. Houston. Age 38. With oil glut, value of reserves (mostly in Louisiana) has declined.

Cohen, Edward $100 million fortune 1982. Real estate. NYC. Age 62. No significant increase in activity to jus-

Dropouts

tify rise in net worth *(see brother Sherman, below, and Cohen family, p. 148).*

Cohen, Sherman. $100 million fortune 1982. Real estate. NYC. Age 59. Partner, brother of Edward *(p. 161).*

Dalitz, Morris Barney. $110 million fortune 1982. Casinos. Las Vegas. Age 84. *Visible* net worth has not kept pace with The Forbes Four Hundred.

Dinner, Richard. $100 million fortune 1982. Real estate. San Francisco. Age 62. Brother-in-law of Swigs *(below)* Research has not turned up new assets or increases in value of existing assets *(see also Swig family, p. 158).*

Feinberg, Peter. $100 million fortune 1982. Real estate. Palm Beach, Fla. Age 73. No significant change discovered since last year.

Fetzer, John Earl. $125 million fortune 1982. Broadcasting. Kalamazoo, Mich. Age 82. After reevaluation of his TV and radio stations, cable operations and baseball team, net worth still hovers around $100 million.

Frazier, Owsley Brown. $93 million fortune 1982. Brown-Forman Distillers Corp. Louisville, Ky. Age 48. Value of stock in liquor company not high enough for inclusion *(see also cousin William Lee Lyons Brown Jr., p. 161, and Brown family, p. 148).*

Gary, Samuel. $125 million fortune 1982. Oil. Denver. Age 56. With oil prices down, reserves of Gary Operating Co. have dropped in value.

Gilmore, James S. Jr. $100 million fortune 1982. Investments. Kalamazoo, Mich. Age 57. Difficult year. Various holdings (broadcast stations, car dealerships, farm operation, et al.) still add up to around $100 million.

Graham, William A. $100 million fortune 1982. Real estate. Miami Lakes, Fla. Age 59. Brother-in-law of Katharine Graham *(see p. 141).* Reevaluation of Florida holdings, current activity, indicates little rise in net worth.

Hendrix, John. $150 million fortune 1982. Oil. Midland, Tex. Age 47. Value of oil reserves of John Hendrix Corp., etc., below $125 million.

Hudson (Vandegrift), Mary. $100 million fortune 1982. Gas stations. Mission Hills, Kans. Age 70. No visible rise in business activity. In August charged with ordering Hudson Oil Co. gas pumps "rigged" to cheat customers; fined $5,000 and sentenced to 200 hours of public service work.

Huffington, Roy M. $100 million fortune 1982. Oil. Houston. Age 65. Huffco affected by oil glut; value of reserves has decreased.

Korein, Sarah. $100 million fortune 1982. Real estate. NYC. Age 73. Prime Manhattan properties, but no visible increase in business activity to justify rise.

Levitt, William Jaird. $100 million fortune 1982. Home building. Millneck, N.Y. Age 76. Known assets do not warrant $125 million estimate.

Massey, Jack C. $100 million fortune 1982. Entrepreneur. Nashville, Tenn. Age 79. Massey is "comfortable" with $125 million, but FORBES isn't.

Mecom, John W. Jr. $150 million fortune 1982. Oil (inheritance). Houston. Age 43. Net worth dipped from oil glut, just enough to miss the cutoff.

Mendik, Bernard H. $100 million fortune 1982. Real estate. NYC. Age 54. Just missed the mark. With numerous equity partners, his net interest in some properties uncertain.

Meyerhoff, Joseph. $100 million fortune 1982. Real estate, investments. Baltimore. Age 84. He estimates $125 million to $150 million, but varied holdings difficult to confirm.

Parrish, Jesse J. Jr. $110 million fortune 1982. Citrus, cattle. Titusville, Fla. Age 70. Won't talk figures, has equity partners. Hence, $125 million may be stretching it. "I don't like to be crabby like some people, but if you'd like to drop me, that would be fine. I'll still be friendly."

Redstone, Sumner. $100 million fortune 1982. Movie theaters, investments. Newton Center, Mass. Age 60. Holdings not worth $125 million.

Resnick, Burton. $100 million fortune 1982. Real estate. Rye, N.Y. Age 46. NYC properties indicate net worth near $125 million *(see father Jack, below, and Resnick family, p. 155).*

Resnick, Jack. $100 million fortune 1982. Real estate. NYC. Age 76. Partner and father of Burton *(see above).*

Silverstein, Larry A. $100 million fortune 1982. Real estate. NYC. Age 52. Just missed. Many equity partners: net property holdings too unclear to warrant $125 million net worth.

Smith, Kelvin. $100 million fortune 1982. Lubrizol Corp. Cleveland. Age 84. No evidence of sufficient increase to remain on our listing.

Smith, Rankin McEachern Sr. $100 million fortune 1982. Insurance (inheritance). Atlanta. Age 58. Current value of holdings near $100 million.

Swig, Mel. $100 million fortune 1982. Real estate. San Francisco. Age 66. Research has not turned up new assets or increases in known assets to warrant rise in net worth *(see brother-in-law Richard Dinner, above, brother Richard, below, and Swig family, p. 158).*

Swig, Richard. $100 million fortune 1982. Real estate. San Francisco. Age 58. Brother-in-law of Richard Dinner *(above)* and brother of Mel *(above).*

Walls, Carmage. $100 million fortune 1982. Publishing. Houston. Age 74. Industry experts question whether Walls' newspapers would sell for more than $100 million total.

Walsh, F. Howard. $115 million fortune 1982. Oil. Ft. Worth, Colo. Spgs. Age 70. Reserve value decreased because of oil industry troubles.

Wartels, Nat. $100 million fortune 1982. Crown Publishers. NYC. Age 81. Won't release revenue figures. $100 million may be accurate, but anything higher would be pushing it.

Weiler, Alan. $100 million fortune 1982. Real estate. NYC. Age 47. No significant change in business to warrant rise *(also see brother-in-law Robert H. Arnow, p. 161, father Jack D., below, and Weiler family, p. 159).*

Weiler, Jack D. $100 million fortune 1982. Real estate. NYC. Age 78. Partner and father of Alan *(above),* father-in-law of Robert H. Arnow *(p. 161).*

Wharton, Albert Buckman (Buck) III. $150 million fortune 1982. Oil (inheritance). Vernon, Tex. Age 36. Oil prices down. Also, Waggoner Ranch (he owns 50%) reevaluated *(see also Electra Waggoner Biggs, p. 161).*

Wien, Lawrence A. $100 million fortune 1982. Real estate. NYC. Age 78. With equity partnerships, ownership of properties too uncertain to warrant $125 million net worth. In addition, some business has been turned over to son-in-law Peter Malkin.

Realigned:

Abercrombie, Josephine E. $100 million fortune 1982. Oil (inheritance). Houston. Age 56. Further research indicates that most assets have been turned over to foundation.

Arnold, Isaac Jr. $500 million fortune 1982. Oil (inheritance). Houston. Age 47. Grandson of Hugh Roy Cullen, d. 1957 *(see On the Docket, p. 208).* Further research indicates that, at least in financial matters, Cullens act as cohesive family group with no individual member owning $125 million or more in assets *(see Roy H. Cullen, below, Margaret Cullen Marshall, Wilhelmina Cullen Robertson, p. 164, and family, p. 149).*

Cullen, Roy H. $500 million fortune 1982. Oil (inheritance). Houston. Age 53. *(See Isaac Arnold Jr., above).*

Dorrance, John Thompson III. $200 million fortune 1982. Campbell Soup (inheritance). Wyoming. Age 39. Dorrance was believed to share a 31% company trust with father John Thompson Dorrance Jr. *(see p. 80).* In reality, father is controlling trustee.

du Pont, Edward Bradford. $200 million fortune 1982. Du Pont Co. (inheritance). Wilmington, Del. Age 49.

Focus on Hessische Landesbank -Girozentrale-

"Half of Germany's top 10 banks are Frankfurt-based. We're one of them."

Let's start with Frankfurt. Why is Frankfurt so important?

"Frankfurt ranks among the world's foremost banking and financial centers. 150 German banking institutions operate here, and Frankfurt has more international banks than any other city in Continental Europe.

The Bundesbank is headquartered here, and the Frankfurt Stock Exchange is Germany's largest, accounting for nearly half of the stock exchange transactions, two-thirds of its dealings in foreign shares and some 80 per cent of the business in foreign fixed-interest securities.

Perhaps less well-known internationally is that Hessische Landesbank is one of Frankfurt's big native-born banks. Half of Germany's top 10 banks are Frankfurt-based. We're one of them."

About the bank itself. What are its size and structure?

"With total assets of more than DM 62 billion, Hessische Landesbank is Germany's 10th largest bank, 3rd among Landesbanks. It is a government-backed regional bank with its liabilities guaranteed jointly by the State of Hesse and its Sparkassen and Giro Association. We also act as banker to the State of Hesse from which our name is derived, and perform clearing functions for the 52 local Sparkassen."

What about your service facilities?

"As a German universal bank, our facilities cover the full range of commercial and investment banking services. Internationally, we concentrate on wholesale banking and medium to long-term financing.

Recently we have also significantly expanded our money market operations, drawing on the combined facilities of our London, New York, and Luxembourg dealing rooms.

Moreover, we participate regularly in international bond, note and share issues, and perform brokerage functions for international investors. Our membership of the Frankfurt Stock Exchange facilitates dealing in quoted shares and fixed-interest securities."

And sources of funds?

"A large part of our funding is done by issuing our own bonds and SD Certificates (Schuldscheindarlehen). The total outstanding is over DM 25 billion. As well, corporations, governments, and other institutional investors consider Hessische Landesbank a prime name for large-scale deposits."

Financial Highlights	DM million	
December 31	1981	1982
Business Volume	61,980	64,638
Balance sheet total	59,063	62,271
Total credit volume	48,986	49,929
Short-term assets	15,513	16,707
Due from banks	9,200	9,668
Due from customers	6,313	7,039
Long-term lending	27,865	28,252
Lending to banks	4,517	4,192
Lending to customers	23,348	24,060
Short-term liabilities	16,573	18,593
Long-term liabilities	6,626	5,459
Bonds issued	23,747	24,994
Capital and reserves	1,196	1,241

Who are the bank's main clients?

"As a wholesale bank, our service facilities are tailored for large, internationally-active corporations, foreign governments, and financial institutions, as well as subsidiaries of international companies operating in Germany. As bankers to the State of Hesse, we support statewide and municipal programs, and work closely with Hesse's Sparkassen and their clients, for example on the foreign side."

How do you see your position developing internationally?

"Without neglecting our home base in Frankfurt, we have assembled a team of banking professionals devoted to building a strong international track record based on pragmatic banking principles, the most modern technical and support facilities, and the highest standards of client service. International banking is quite competitive, and banks that try harder for their clients and give them fast, personal service often have the edge. This is one of our major objectives."

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Helaba Frankfurt
Hessische Landesbank -Girozentrale-

Dropouts

After further investigation, much of estimated fortune believed to belong to other du Ponts; much of remainder tied up in long-depressed Du Pont stock, producing sub-par return in past decade *(see also sister Margaret Lewis du Pont Smith, below).*

Frontiere, Georgia Rosenbloom. $300 million fortune 1982. Investments (inheritance). Bel Air, Calif. Age 53. Press estimates ranged from $300 to $500 million. FORBES' investigation uncovered only $100 million in assets (L.A. football Rams, stocks, oil, etc.) and plenty of leverage.

Lucas, George. $100 million fortune 1982. Filmmaker. San Anselmo, Calif. Age 39. Offsetting success of *Return of the Jedi,* divorce gives ex-wife Marcia big piece of Lucasfilm Ltd.

Marshall, Margaret Cullen. $500 million fortune 1982. Oil (inheritance). Houston. Age 62. *(See Isaac Arnold Jr., p. 162.)*

Pulliam, Eugene S. $200 million fortune 1982. Publishing. Indianapolis. Age 69. Further study reveals that fortune is partially owned by active mother and charitable foundations.

Robertson, Wilhelmina Cullen. $500 million fortune 1982. Oil (inheritance). Houston. Age 60. *(See Isaac Arnold Jr., p. 162.)*

Smith, Margaret Lewis du Pont. $200 million fortune 1982. Du Pont Co. (inheritance). Paoli, Penna. Age 53. After further investigation, much of estimated fortune believed to belong to other du Ponts; much of remainder tied up in long-depressed Du Pont stock, producing sub-par return in past decade *(see also brother Edward Bradford du Pont, p. 162).*

Wang, Lorraine C. $120 million fortune 1982. Wang Laboratories. Lincoln, Mass. Age 63. Fortune reallocated to husband An Wang *(see p. 74),* who controls family fortune, in accordance with our practice elsewhere.

Whittier, Leland K. $100 million fortune 1982. Oil (inheritance). Southern Calif. Late 70s. Rate of taxation on Belridge sale (31%) has been uncovered, lowering estimates of net worths of Whittier family members *(see also brother N. Paul and sister Helen Whittier Woodward, both below, and Whittier family, p. 159).*

Whittier, N. Paul. $100 million fortune 1982. Oil (inheritance). Southern Calif. Late 70s *(see Leland K. above).*

Woodward, Helen Whittier. $100 million fortune 1982. Oil (inheritance). So. Calif. Late 70s *(see Leland K. above).*

Even $124.9 million is not enough

Who just missed being included in The Forbes Four Hundred? The nine persons described here came as close as possible this year. They are all centimillionaires and, in most cases, their net worths approach $125 million. Next year they may get lucky.

Michael Jaharis Jr. Key Pharmaceuticals. Miami. 55. Married, 2 children. Discovered medicine in army medical corps in Austria but went to law school. As Miles Labs v.p., met inventor Dr. Philip Frost *(which see)*. Formed partnership; Jaharis manages, Frost invents. Took over troubled Key Pharmaceuticals 1972 with big block of stock acquired after Key bought out their first partnership 1971. Since, Key sales have grown over 8,000%, mostly from Theo-Dur (asthma relief). Jaharis' 15% worth almost $125 million, but he lives modestly: "I won't let money change my lifestyle."

William Farley. Leveraged buyouts. Chicago. 40. Married, 2 children. Turned down athletic scholarships elsewhere to attend Bowdoin College. Sold encyclopedias, became top seller. Law degree. Joined NL Industries 1969 as acquisitions analyst. Began own buyout career 1976 with $1.7 million purchase of citrus co. "I was doing leveraged buyouts when they weren't even called that. Only difference now is that I've added a few zeros." Recent acquisitions: Baumfolder, Inc., Health Foods, Inc., NL Industries metal products division. Wholly owned Farley Industries now over $400 million annual revenues, pretax earnings approximately $40 million. May go public soon. Net worth, despite debt, nears $125 million.

John Bennett Coleman. Hotels. NYC and Chicago. 47. Twice divorced and once annulled; 3 children by second wife (columnist Ann Landers' daughter). Adopted son of plumbing supplies manufacturer; quit Harvard Business School 1961 to join Chicago investment banking firm. Impatient; left 1964 with $100,000 to invest. Helped finance magazine for blacks, supermarket construction, dormitory leasing, medical research; finally struck gold renovating 2 Chicago hotels into posh Tremont and Whitehall. Paid $15 million for NYC's Navarro; reopened 1982 as "baby grand" Ritz-Carlton. With fourth hotel (Washington, D.C.), art, other investments, net worth must approach $125 million.

Henry Bartell Zachry Jr. Construction. San Antonio. 49. Married, 4 children. Son of H.B. Sr., 82, who founded H.B. Zachry Co. 1924. Built WWII airfields, nuclear power plants, bridges, dams, many Texas highways, Sinai base for peace troops 1976, etc. Put up local 500-room Hilton in record 205 working days, just in time for HemisFair '68. "We look for those jobs that are not the plain vanilla kind." Jr. in control since 1975. With land, oil, wealth is around $125 million.

Philippe Villers. Automatix, Inc. Boston area. 48. Married. Born in France, came to U.S. 1940 as refugee. Naturalized 1946. After Harvard, MIT, had "varied" engineering career with General Electric, etc. Cofounded Computervision Corp. 1969. Went public 1972; 8 years later cofounded Automatix, developer of robotics. Went public this year. Also founder, president Villers Foundation, devoted to changing the role and status of the elderly. Holdings in Computervision and Automatix worth $123 million.

Jack Tramiel. Commodore International Ltd. Hong Kong; Nassau; Norristown, Penna. 55. Married, 3 sons. Born in Poland. Spent WWII in concentration camps, came to U.S. 1947; army cook, typewriter repairman, taxi driver. Transformed small typewriter firm into Commodore, personal computer highflyer. Implicated in 1965 bankruptcy of Atlantic Acceptance Corp.; major Canadian financial scandal. Ontario Supreme Court Justice Samuel H.S. Hughes: "Commodore survived the collapse of Atlantic . . . through means which should ensure for it in the future a public scrutiny of the most searching kind." Today: 1983 revenues over $500 million, return on equity averaging 70% during past 3 years. Tramiel's shares worth around $120 million.

George Kozmetsky. Teledyne. Austin, Tex. 65. Married, 2 children. Taught business, technology 1938-52 before joining Hughes Aircraft; then Litton Industries 1954. Teamed up with Litton colleague Henry Singleton *(which see)* to launch Teledyne 1960; still owns 3.4%. Left 1966 to become business dean Univ. Texas (Austin); recently stepped down to head campus Institute for Constructive Capitalism, also advises university on investments. Sits on many boards; enjoys swimming, collecting art. With Teledyne stock, other smaller investments, net worth is over $110 million.

John R. (Jack) Stanley. Oil. Good Hope, La. 44. Married, 4 children. Quit engineering school to pump gas late 1950s, leased station he worked at, named it Jack's Gas. Controlled 230 stations in N.Y., New England by 1970 as Gasland, Inc. Formed GHR Co. soon after for oil and gas exploration, used reserves as collateral to expand. While in Chapter 11 in 1975-80, more than doubled GHR assets. Now 3rd-largest private industrial company, with $3.3 billion sales. Tough boss: "Even some bankers seem to fear him." In Chapter 11 again. Significant debt, but huge natural gas reserves, large refinery, indicate net worth, if legal problems solved, well over $100 million.

Burton M. Joseph. Grain trader. Minneapolis. 62. Married, 3 children. Father, Rumanian immigrant, founded small grain trading co. 1912. Made $1 million within 6 years; lost it a few years later; co. survived. Burton WWII, Korea fighter pilot, instructor. Took over co. 1953. Now I.S. Joseph Co., Inc. (annual sales over $400 million), largest exporter agricultural by-products. Also sunflower oilseed processing; citrus pulp exporting, a market he created. Wife U.S. Ambassador to the Netherlands 1978-81. Owns several large processing plants in Midwest. Joseph: Company is "very family, very quiet, very private." Company worth over $100 million.

Acknowledgments

The truly rich may often be reticent, but they are rarely hermits. It's hard to have $125 million or more and not catch the eye of, say, your local newspaper. Sources are where you find them.

Below, we gratefully acknowledge 74 sources, nationwide, that were especially helpful in our hunt this year for the richest people in America. In addition, hundreds of other sources insisted upon anonymity—mainly bankers, lawyers and financial advisers of one kind or another.

Our thanks, too, to scores of newspaper libraries across the country that sent copies of many thousands of clippings for our files.

Abels, Jules, author, *The Rockefeller Billions*.
Advertising Age magazine, Chicago.
Audette, Fernand, publisher, *The Florida Horse*, Ocala, Fla.
Austin, Brux, editor, *Texas Business*, Dallas.
Bennett, Scott, public affairs editor, *Texas Business*, Dallas.
Birger, Larry, editor, *Business/Monday*, Miami *Herald*.
Birmingham, Stephen, author, *California Rich*.
Blackburn, Dick, media broker and consultant, Washington, D.C.
Broadcasting/Cable Yearbook, Washington, D.C.
Byram & Co., R.W., specialized oil publications, Austin.
Clephane, Tom, timber analyst, Morgan Stanley, NYC.
Coleman, Mark, *Pacific Business News*, Honolulu.
Cooney, John, author, *The Annenbergs*, NYC.
Dublin, James R., president, Dublin Associates, San Antonio.
Economic Information Systems, Inc., NYC.
Editor & Publisher *International Yearbook*, NYC.
Feigen, Richard L., art dealer, NYC.
Ferron, J., exec. dir., National Automobile Dealers Assoc., McLean, Va.
Florida Trend magazine, St. Petersburg.
Folio: 400 magazine, New Canaan, Conn.
Foundation Directory, The, The Foundation Center, NYC.
Frazzano, Joseph, beverage analyst, Oppenheimer & Co., NYC.
Gates, John D., author, *The du Pont family*, Winston-Salem.
Gomberg, Louis R., wine industry consultant, San Francisco.
Gray, Jonathan, savings and loans analyst, Sanford C. Bernstein & Co., NYC.
Harlan, Douglas, columnist, San Antonio.
Healy, David, auto analyst, Drexel Burnham Lambert, NYC.
Hepburn, Ted, media consultant, Cincinnati.
Hersh, Burton, author, *The Mellon Family*, Bradford, N.H.
Hurt III, Harry, author, *Texas Rich*, Houston.
Institutional Investor magazine, NYC.
Isgur, Lee, entertainment analyst, Paine Webber, NYC.
Jones, Edward, cosmetics analyst, Paine Webber, NYC.
Kadlec, Charles H., communications consultant, Frazier, Gross & Kadlec, Inc., Washington, D.C.
Katz Communications, NYC.
Keller, Leroy, newspaper consultant, NYC.
King, Henry B., retired president, U.S. Brewers Assoc., Washington, D.C.
Kislak, Jonathan I., executive v.p., J.I. Kislak Mortgage Corp., Miami.
Koback, Jim, magazine consultant, Darien, Conn.
Ladendorf, Kirk, business editor, *Austin American-Statesman*.
Literary Market Place, NYC.
Lundberg, Ferdinand, author, *The Rich and the Super-Rich*, *The Rockefeller Syndrome*.
Meade, Daniel, cosmetics analyst, First Boston Corp., NYC.
Meltzer, Jay, textiles and apparel analyst, Goldman, Sachs, NYC.
Moran, Brian, editor, Knowledge Industry Publications, White Plains, N.Y.
Muraro, Ronald P., farm management economist, U. of Fla., Gainesville.
Noble, J. Kendrick, publishing analyst, Paine Webber, NYC.
Print Media Production Data, Standard Rate & Data Service, Inc., Skokie, Ill.
Raskin, Victor, lodging and restaurant analyst, Dean Witter, NYC.
Real Estate Record and Builder's Guide, Real Estate Data, Inc., NYC.
Reilly, Gerald D., media consultant, Greenwich, Conn.
Rhodemyre, Susan, contrib. editor, *The Thoroughbred Record*, Lexington, Ky.
Roberts, Gary Boyd, director of research, New England Historical Genealogical Society, Boston.
Rockwell, Art, entertainment analyst, Crowell, Weedon, Los Angeles.
Rosenthal, Peter, senior v.p., Howard J. Rubenstein Associates, NYC.
Rottenberg, Dan, freelance writer, editor *The Welcomemat*, Philadelphia.
Rubenstein, Howard J., president, Howard J. Rubenstein Associates, NYC.
Russell, James, business editor, Miami *Herald*.
Salzman, Jack, cosmetics analyst, Smith Barney, NYC.
Selleck, Robert D., first v.p., Coldwell Banker, Sherman Oaks, Calif.
Singer, Joel S., economist, California Association of Realtors, Los Angeles.
Somers, Steven A., project planner, Burbank Redevelopment Agency, Burbank, Calif.
Spectrum 5, Computer Directions Advisors, Inc., Silver Spring, Md.
Standard & Poor's Corp., NYC.
Stark, Howard E., media broker and consultant, NYC.
Thompson, Jacqueline, author, *The Very Rich Book*, NYC.
Tompkins, Steve, staff writer, *The Wichita Eagle-Beacon*, Wichita, Kans.
York, Terence, building analyst, Drexel Burnham Lambert, NYC.

And what's Malcolm Forbes "worth"?

From the question-and-answer period that followed Malcolm Forbes' appearance before the National Press Club in Washington, D.C. on Nov. 22, 1982. Televised live on the Public Broadcasting System.

Q: Knowing how hard it is for you to estimate your own worth, how accurate do you think the listing [The Forbes Four Hundred] was?

MSF: Well, I tell you, we spent a great deal of money on that feature. We have a checking process. Everybody in that feature was asked. Some of them thought that if they didn't answer, it would go away. Well, those of you in this business know that isn't what happens to a story. As for my net worth, it's very simple: The IRS will estimate it one way, my heirs another. And if I put a figure down in FORBES, they would say that's the *one* that has to be accurate, that's the *one* we can rely on. With everybody else in the listing, it's known that the worth was an estimate. It was the best estimate we could make.

We spent over a quarter of a million dollars on staff and research; it took over a year to put it together. We now have a permanent staff that has been hard at work since the issue appeared. There will be fewer inaccuracies next year. Some of you helped. You know if you get out of a town like New York or Washington into the other major cities of America, they're relatively small towns in the sense that people know pretty well who's got the bread. People there in the press know who has quietly supported the local opera or the hospital. They know who the quiet, unheadlined rich are. In small towns there is a lot more known about people than people think is known about them. And we just went to the people who might know, and most of those who did were helpful to us, either because they were friends or were bigwigs to whom we had entrée. They were helpful but asked not to be listed, for obvious reasons.

We don't think that we have been too wide of the mark, although in one instance we attributed to a man $800 million and he laughingly said, "Well, to be honest with you, I signed a note yesterday for $170 million, so you should deduct that." There were inaccuracies of that sort.

Another fellow's family fortune was listed at $240 million, and one of the guy's relatives said he always knew that that was an inefficient bunch of crooks that was handling their money, because they told him they had only $160 million. We obviously had inaccuracies but we're working to correct them.

Q: What kind of credibility can FORBES have when you assiduously go after everyone else's net worth but fudge your own? And the Wall Street Journal estimated your worth as $200 million, is that correct?

MSF: I tried to answer that in the only sensible way I could. People would have assumed the printed figure was real, not an estimate, as all the rest are. I don't know what FORBES magazine is worth. I know what it is worth to me; it's beyond price. But if I tried to sell it—and I have no intention of doing it—there's no way to estimate its worth. I tried to make that clear in a good-natured way. Our estimate of other people's wealth may be different from their own. The *Wall Street Journal*'s estimate—that's a clue. I just don't know an accurate figure. But I will say that I'm happy with how I'm fixed.

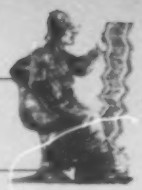
Q: A related question, what can't you afford?

MSF: To own the *Wall Street Journal* or Time Inc.

Index To The Forbes Four Hundred

	Page	Residence	Age	Worth ($ mil)	Primary source
Adams, Kenneth Stanley (Bud) Jr.	124	Houston	60	$160	Entrepreneur
Albertson, Joseph A.	120	Boise, Idaho	76	176	Albertson's Inc.
Alkek, Albert B.	99	Victoria, Tex.	72	300	Oil
Allbritton, Joe Lewis	92	Houston; Washington, D.C.	58	350	Broadcasting, publishing, banking
Allen, Charles Robert Jr.	120	New York City	80	180*	Stock market, real estate
Allen, Herbert	120	New York City	75	180*	Stock market, real estate
Allen, Herbert Anthony	120	New York City	43	180*	Stock market, real estate
Anderson, Robert O.	91	Roswell, N.M.	66	400	Oil, land
Annenberg, Walter Hubert	87	Wynnewood, Penna.	75	450	Publishing
Anschutz, Philip F.	76	Denver	44	1,000	Oil
Anthony, Barbara Cox	78	Honolulu	60	600*	Inheritance (publishing)
Arison, Ted	109	Miami Beach	59	250	Shipping
Autry, Orvon Gene	140	Los Angeles; Palm Springs	76	130	Broadcasting, real estate
Avery, Alice O'Neill	120	West Los Angeles	66	175*	Inheritance (real estate)
Bancroft, Bettina	128	Los Angeles	42	150*	Inheritance (Dow Jones & Co.)
Bancroft, Christopher	128	Denton, Tex.	32	150*	Inheritance (Dow Jones & Co.)
Bancroft, Hugh III	128	Newport Beach, Calif.	34	150*	Inheritance (Dow Jones & Co.)
Bass, Edward Perry	80	Ft. Worth	38	500*	Oil, investments
Bass, Lee Marshall	80	Ft. Worth	27	500*	Oil, investments
Bass, Perry Richardson	80	Ft. Worth	68	500*	Oil, investments
Bass, Robert Muse	80	Ft. Worth	35	500*	Oil, investments
Bass, Sid Richardson	80	Ft. Worth	40	500*	Oil, investments
Batten, Frank	140	Norfolk, Va.	56	130	Publishing, broadcasting
Beal, Carlton	100	Midland, Tex.	67	300	Oil
Bechtel, Stephen Davison Sr.	78	San Francisco	83	800	Engineering, construction
Bechtel, Stephen Davison Jr.	78	San Francisco	58	300	Engineering, construction
Belfer, Arthur B.	85	New York City	76	500†	Oil, real estate
Belk Family	148	Charlotte, N.C.	—	300	Inheritance (retailing)
Belz Family	148	Memphis, Tenn.	—	300	Real estate
Benenson, Charles B.	118	New York City	70	200	Real estate
Bernhard, Arnold	100	Westport, Conn.	81	300	Investment advice
Berry, Jack M. Sr.	118	Winter Haven, Fla.	66	200	Citrus grower
Berry, John William	119	Dayton, Ohio	60	200†	Yellow Pages
Bettingen, Burton Green	116	Beverly Hills	70+	200*	Inheritance (oil)
Binger, Virginia McKnight	144	Wayzata, Minn.	67	125	Inheritance (3M Co.)
Blaustein, Morton K.	110	Baltimore	56	233*	Inheritance (oil)
Block, Paul Jr.	140	Toledo, Ohio	71	130*	Publishing
Block, William	140	Pittsburgh	67	130*	Publishing
Boesky, Ivan	131	New York City	46	150	Arbitrager
Borg, Malcolm Austin	142	Englewood, Spring Lake, N.J.	45	125†	Publishing, broadcasting
Bredin, Octavia Mary du Pont	124	Greenville, Del.	70	150*	Inheritance (Du Pont Co.)
Bren, Donald L.	86	Los Angeles; NYC	51	500	Real estate
Briscoe, Dolph Jr.	117	Uvalde, Tex	60	200	Rancher
Bronfman, Edgar Miles	90	New York City	54	400	Seagram Co.
Brown Family	148	Louisville, Ky.	—	278	Inheritance (Brown-Forman Distillers)
Brown, Jack	90	Midland, Tex.	57	450*	Oil
Buck Family	148	Calif., et al.	—	350	Inheritance (oil)
Buffett, Warren Edward	80	Omaha	53	520	Stock market
Busch, August A. Jr.	90	St. Louis	84	400	Anheuser-Busch Cos., Inc.
Cabot Family	148	Boston area	—	332	Inheritance (Cabot Corp.)
Cargill/MacMillan Family	148	Origin: Minneapolis	—	400	Inheritance (grain trading)
Cargill, James R.	136	Minneapolis	60	138*	Inheritance (grain trading)

*Assuming equal shares in common fortune. †Family fortune individually allocated.



	Page	Residence	Age	Worth ($ mil)	Primary source
Cargill, Margaret	136	La Jolla, Calif.	63	$ 138*	Inheritance (grain trading)
Carlson, Curtis Leroy	78	Minneapolis	69	600	Entrepreneur
Carpenter, Robert Ruliph (Bobby) Jr.	116	Montchanin, Del.	68	200*	Inheritance (Du Pont Co.)
Carpenter, William Kemble	116	Boca Raton, Fla.	64	200*	Inheritance (Du Pont Co.)
Caruth, William Walter Jr.	86	Dallas	70	500	Real estate
Chambers, Anne Cox	78	Atlanta	63	600*	Inheritance (publishing)
Chandler Family	148	Los Angeles, et al.	—	475	The Times Mirror Co.
Chandler, Harrison Gray	132	Arcadia, Calif.	80	125*	The Times Mirror Co.
Clark, Emory T.	112	Elm Grove, Wis.	78	220	Oil
Close Family	148	Ft. Mill, S.C.	—	210	Inheritance (Springs Inds., Inc.)
Cohen Family	148	New York City	—	200	Real estate
Cohn, Seymour	118	NYC; Long Island	72	200	Real estate
Collier, Miles	116	Naples, Fla.	36	200†	Inheritance (investments)
Connell, Grover	123	Westfield, N.J.	65	160	Trading
Conover, Catherine Mellon	141	Washington, D.C.	47	125*	Inheritance (investments)
Cook, Jane Bancroft	78	Sarasota, Fla.	71	600	Inheritance (Dow Jones & Co.)
Cooke, Jack Kent	80	Upperville, Va.	70	600	Real estate, cable TV, et al.
Cooke, Phoebe Hearst	105	Woodside, Calif.	56	125	Inheritance (publishing)
Coors Family	148	Golden, Colo.	—	625	Inheritance (beer)
Copley, Helen Kinney	118	San Diego	60	200	Publishing
Corrigan, Leo F. Jr.	131	Dallas	58	150†	Inheritance (real estate)
Cowles Family	149	Des Moines, Minneapolis	—	350	Inheritance (media)
Cox, Edwin L.	90	Dallas	61	400	Oil
Cox, John L.	100	Midland, Tex.	58	300	Oil
Cox, William C. Jr.	99	London	52	300*	Inheritance (Dow Jones & Co.)
Crow, Trammell	86	Dallas	68	500	Real estate
Crown, Henry	92	Chicago	87	363*	Industrialist
Crown, Lester	92	Chicago	58	363*	Industrialist
Cullen Family	149	Houston	—	2,000	Inheritance (oil)
Cummings, Nathan	123	New York City	86	160	Industrialist
Darden, Constance Simons du Pont	124	Norfolk, Va.	79	150*	Inheritance (Du Pont Co.)
Davidson, William M.	109	Detroit	60	240	Guardian Industries Corp.
Davis Family	149	Jacksonville, Fla.; various	—	417	Inheritance (Winn-Dixie Stores)
Davis, James Elsworth	138	Jacksonville, Fla.	76	135	Winn-Dixie Stores, Inc.
Davis, Kenneth W. Jr.	109	Ft. Worth	57	250*	Inheritance (oil)
Davis, Marvin	76	Denver; various	57	1,000	Oil
Davis, T. Cullen	109	Ft. Worth	49	250*	Inheritance (oil)
Davis, William Selden	109	Ft. Worth	47	125	Inheritance (oil)
Day, Willametta Keck	104	Reno, Nev.	67	168	Inheritance (Superior Oil Co.)
Dayton Family	151	Minneapolis	—	625	Inheritance (Dayton-Hudson)
Dayton, Alida Rockefeller	128	Minneapolis	34	150*	Inheritance (investments)
Deak, Nicholas	91	Scarsdale, N.Y.	77	400	Banking
DeBartolo, Edward J.	85	Youngstown, Ohio	65	500	Shopping centers
de Menil, Dominique	116	Houston	75	200	Inheritance (Schlumberger Ltd.)
Dempsey, John	123	Delaware, Ohio	69	160†	Bulk containers
De Vos, Richard Marvin	100	Ada, Mich.	57	300*	Amway Corp.
de Young Family	151	San Francisco; various	—	400	Inheritance (media)
Dikeou Family	151	Denver; Orlando, Fla.	—	250	Real estate
Dillon, Clarence Douglas	141	Far Hills, N.J.	74	125†	Inheritance, investments
Disney, Roy Edward	120	Los Angeles	53	180	Walt Disney Prod., media
Dixon, Fitz Eugene Jr.	130	Philadelphia	60	150	Inheritance (investments)
Dixon, Suzanne Searle	96	Chicago area	52	310*	Inheritance (G.D. Searle & Co.)
Donnelley Family	151	Origin: Chicago	—	475	Inheritance (printing)
Dorrance, John Thompson Jr.	80	Gladwyne, Penna.	64	575	Campbell Soup Co.
Doubleday, Nelson Jr.	142	Locust Valley, N.Y.	50	125	Publishing

*Assuming equal shares in common fortune. †Family fortune individually allocated.

	Page	Residence	Age	Worth ($ mil)	Primary source
Draper, Irene Carpenter	116	Montchanin, Del.	72	$ 200*	Inheritance (Du Pont Co.)
Duke, Doris	105	Somerville, N.J., et al.	71	250	Inheritance (investments)
du Pont Family	151	Delaware; various	—	10,000	Inheritance (Du Pont Co.)
du Pont, Alexis Felix Jr.	104	Kennett Pike, Del.	77	275*	Inheritance (Du Pont Co.)
du Pont, Evelyn Rebecca	141	Unknown	58	125*	Inheritance (Du Pont Co.)
du Pont, Irénée Jr.	124	Christiana Hundred, Del.	63	150*	Inheritance (Du Pont Co.)
du Pont, John Eleuthère	141	Newton Square, Penna.	44	125*	Inheritance (Du Pont Co.)
du Pont, Pierre Samuel Family	151	Delaware area	—	9,000	Inheritance (Du Pont Co.)
du Pont, Pierre Samuel III	105	Greenville, Del.	72	250*	Inheritance (Du Pont Co.)
du Pont, William III	141	El Paso, Tex.	31	125*	Inheritance (Du Pont Co.)
du Pont, Willis Harrington	105	Palm Beach	47	250*	Inheritance (Du Pont Co.)
Durst, David	123	Chappaqua, N.Y.	58	167*	Real estate
Durst, Roy	123	Scarsdale, N.Y.	63	167*	Real estate
Durst, Seymour	123	New York City	70	167*	Real estate
Dyson, Charles Henry	122	New York City	74	175	Conglomerator
Ellis, A.L.	138	Tarpon Springs, Fla.	77	135	Banking, real estate
Engelhard, Jane	105	Far Hills, N.J.	60s	250	Inheritance (investments)
Entenmann Family	151	Long Island, N.Y.	—	200	Inheritance (baking)
Evans, James Emmett	136	Dade City, Fla.	83	140	Citrus grower
Evans, Thomas Mellon	130	New York City	73	150	Inheritance, investments
Farb, Harold	130	Houston	60	150	Real estate
Farish, William Stamps III	130	Houston	44	150	Inheritance (oil)
Faulkner, Mary Belin du Pont	105	Boston area	76	250*	Inheritance (Du Pont Co.)
Ferry, Sandra (Rockefeller)	128	Cambridge, Mass.	48	150*	Inheritance (investments)
Fickling, William A. Jr.	136	Macon, Ga.	51	140†	Charter Medical Corp.
Field, Frederick W. (Ted)	105	Los Angeles	31	250*	Inheritance (media)
Field, Marshall V	105	Chicago	42	250*	Inheritance (media)
Fisher, Larry	106	New York City	60s	250*	Real estate
Fisher, Max Martin	116	Detroit	76	200	Refining
Fisher, Zachary	106	New York City	60s	250*	Real estate
Flint, Lucile Evelina du Pont	124	Greenville, Del.	67	150*	Inheritance (Du Pont Co.)
Forbes, Malcolm Stevenson	144	Far Hills, N.J.	64	(p. 168)	Publishing
Ford, Henry II	104	Grosse Pointe, Mich.	66	175	Ford Motor Co.
Ford, Josephine C.	104	Grosse Pointe, Mich.	60	150	Inheritance (Ford Motor Co.)
Ford, Kenneth W.	116	Roseburg, Ore.	75	200†	Timber
Ford, William Clay	104	Grosse Pointe, Mich.	58	260	Ford Motor Co.
Fribourg, Michel	92	New York City	70	375	Grain trading
Frick, Helen Clay	142	Pittsburgh	94	125	Inheritance (investments)
Frost, Phillip	131	Miami	46	150	Key Pharmaceuticals, Inc.
Fuqua, John Brooks	138	Atlanta	65	135	Entrepreneur
Galbreath, Daniel Mauck	132	Columbus, Ohio	55	150*	Real estate
Galbreath, John Wilmer	132	Columbus, Ohio	86	150*	Real estate
Galesi, Francesco	117	New York City	52	200	Real estate
Gallo, Ernest	99	Modesto, Calif.	74	300*	Wine
Gallo, Julio	99	Modesto, Calif.	73	300*	Wine
Galvin, Robert W.	91	Barrington, Ill.	60	400†	Motorola, Inc.
Garvey Family	151	Wichita, Kans.	—	500	Oil, grain, real estate
Gates, Charles Cassius	90	Denver	62	450†	Gates Corp.
Gaylord, Edward L.	80	Oklahoma City	64	600†	Broadcasting, publishing
Getty, Gordon Peter	74	San Francisco	49	2,200†	Inheritance (Getty Oil Co.)
Goldman, Sol	91	New York City	66	400	Real estate

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	Page	Residence	Age	Worth ($ mil)	Primary source
Goldman, Sylvan Nathan	116	Oklahoma City	84	$ 200	Supermarkets, real estate
Goodan, Alice May Chandler	132	Los Angeles	90	125*	Inheritance (Times Mirror Co.)
Graham, Katharine	141	Washington, D.C.	66	125†	Washington Post Co.
Grainger, David William	138	Skokie, Ill.	55	135†	W.W. Grainger, Inc.
Green, Dolly	116	Beverly Hills	70s	200*	Inheritance (oil)
Greenberg, Maurice R. (Hank)	140	New York City	58	125	American Intl. Group, Inc.
Greenewalt, Margaretta Lammot du Pont	124	Greenville, Del.	81	150*	Inheritance (Du Pont Co.)
Griffin, Ben Hill Jr.	136	Avon Park, Fla.	72	140	Citrus grower
Groves, Franklin Nelson	136	Wayzata, Minn.	52	140	Construction
Guccione, Robert Charles Joseph Edward Sabatini	110	New York City	51	225	Publishing
Haas Family	151	San Francisco	—	500	Inheritance (Levi Strauss & Co.)
Haas, Peter E.	124	San Francisco	63	141	Levi Strauss & Co.
Haas, Walter A. Jr.	124	San Francisco	67	155	Levi Strauss & Co.
Hahn, Ernest W.	131	San Diego	64	150	Shopping centers
Hall, Donald J.	90	Kansas City, Mo.	55	400†	Inheritance (Hallmark Cards)
Hall, Evelyn Annenberg	87	Palm Beach	71	125	Inheritance (publishing)
Hamilton, Marie Hill (Dodo)	138	Strafford, Penna.	55	130	Inheritance (Campbell Soup Co.)
Hammer, Armand	112	L.A.; NYC; Moscow	85	200	Entrepreneur
Hamon, Jake Louis Jr.	110	Dallas	81	225	Oil, gas
Hanson, John K.	112	Forest City, Iowa	70	207	Winnebago Industries, Inc.
Hardesty, Floyd Roger	122	Tulsa	45	175	Construction
Harriman, W. Averell	142	Washington, D.C.	91	125	Inheritance (investments)
Haupt, Enid Annenberg	87	New York City	77	125	Inheritance (publishing)
Hazen, Lita Annenberg	87	NYC; Los Angeles	73	125	Inheritance (publishing)
Hearst, John Sr. Family	152	NYC area; Calif., et al.	—	250	Inheritance (publishing)
Hearst, David Whitmire	105	Beverly Hills	67	250	Inheritance (publishing)
Hearst, George Randolph Jr.	105	Los Angeles	56	125	Inheritance (publishing)
Hearst, Randolph Apperson	105	S.F.; Paso Robles, Calif.	67	250	Inheritance (publishing)
Hearst, William Randolph Jr.	105	New York City	75	250	Inheritance (publishing)
Hechinger/England Family	152	Origin: Washington, D.C.	—	200	Hechinger Co.
Heinz, Henry John II	92	Pittsburgh	75	375†	H.J. Heinz Co.
Helmsley, Harry Brakmann	78	New York City	74	800	Real estate
Hendrix, Helen Hunt	99	Dallas area	34	175	Inheritance (oil)
Hess, Leon	92	New York City	68	375	Amerada Hess Corp.
Hewlett, William Redington	78	Palo Alto, Calif.	70	950	Hewlett-Packard Co.
Hill, Margaret Hunt	75	Dallas	68	1,000†	Inheritance (oil)
Hillenbrand Family	152	Batesville, Ind.	—	273	Hillenbrand Industries, Inc.
Hillman, Henry Lea	85	Pittsburgh	64	500	Industrialist
Hilton, William Barron	96	Los Angeles	55	325	Hilton Hotels Corp.
Hines, Gerald Douglas	106	Houston	58	250	Real estate
Hobby, Oveta Culp	92	Houston	78	350†	Broadcasting, publishing
Hoiles Family	153	Santa Ana, Marysville, Calif.	—	400	Publishing
Hooker, Jeanette Annenberg	87	NYC; Palm Beach	78	125	Inheritance (publishing)
Hope, Leslie Townes (Bob	117	N. Hollywood, Palm Springs	80	200	Comedy, real estate
Horvitz Family	153	Cleveland area; Florida	—	200	Publg., constr., real estate
Houghton Family	153	Origin: Corning, N.Y.	—	50	Inher. (Corning Glass Works)
Howard, Robert Staples	122	Rancho Santa Fe, Calif.	58	175	Publishing
Hubbard, Stanley E.	122	Bal Harbour, Fla.	86	175†	Broadcasting
Hunt, Haroldson Lafayette (Hassie) III	91	Dallas	66	400	Inheritance (oil)
Hunt, Lamar	86	Dallas	51	500†	Inheritance (oil)
Hunt, Nelson Bunker	75	Dallas	57	1,400†	Inheritance (oil)
Hunt, Ray Lee	99	Dallas area	40	300	Inheritance (oil)
Hunt, Ruth June	99	Dallas area	39	175	Inheritance (oil)

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Hunt, Ruth Ray	99	Dallas area	66	$ 175	Inheritance (oil)
Hunt, Swanee	99	Denver	33	175	Inheritance (oil)
Hunt, William Herbert	76	Dallas	54	1,000†	Inheritance (oil)
Hwang, Kyupin Philip	80	Los Altos Hills, Calif.	46	575	TeleVideo Systems, Inc.
Jobs, Steven P.	110	Los Gatos, Calif.	28	225	Apple Computer Inc.
Johnson, Belton Kleberg	130	San Antonio; La Pryor, Tex.	53	150	Inheritance (ranching)
Johnson, John H.	138	Chicago	65	130	Publishing
Johnson, Samuel Curtis	80	Racine, Wis.	55	600	Inheritance (Johnson Wax)
Jones, Arthur	144	Ocala, Fla.	60s	125	Fitness
Jordan, Thomas	144	Healdsburg, Calif.	48	125	Oil, wine
Kalikow, Peter S.	106	New York City	40	250	Real estate
Kalmanovitz, Paul	105	Tiburon, Calif.	77	250	Beer, real estate
Kaskel, Howard	109	New York City	46	250	Real estate
Kauffman, Ewing Marion	123	Kansas City, Mo.	67	160	Marion Laboratories, Inc.
Kavadas, Kathryn Bancroft	128	Newton, Mass.	31	150*	Inheritance (Dow Jones & Co.)
Keck, Howard B.	104	Los Angeles	70	273	Superior Oil Co.
Keck, William II	104	Los Angeles	41	187	Inheritance (Superior Oil Co.)
Kennedy Family	153	Origin: Boston	—	400	Inheritance (investments)
Kerkorian, Kirk	91	Las Vegas and Los Angeles	66	400	Trading, investments
Kieckhefer, Robert H.	131	Prescott, Ariz.	65	150	Containers, investments
Kleberg Family	153	King Ranch, Tex.	—	750	Inheritance (ranching, oil)
Kluge, John Werner	100	New York City area	68	300	Metromedia, Inc.
Knight, James L.	122	Miami	74	172	Knight-Ridder Newspapers, Inc.
Knight, Philip H.	104	Beaverton, Ore.	45	265	Nike shoes
Koch, Charles G.	91	Wichita, Kans.	47	375*	Oil
Koch, David H.	91	New York City	42	375*	Oil
Koch, Frederick	91	New York City	52	375*	Oil
Koch, William I.	91	Boston	42	375*	Oil
Krehbiel, John H. Sr.	96	Downers Grove, Ill.	77	343†	Molex, Inc.
Kroc, Raymond A.	90	Chicago; La Jolla, Calif.	80	450	McDonald's, Inc.
Laird Family	153	Delaware	—	400	Inheritance (Du Pont Co.)
Landegger, Carl C.	124	New York City	53	150*	Industrialist
Landegger, George F.	124	Europe; Conn.	45	150*	Industrialist
Lauder, Estée	117	New York City	70s	200*	Cosmetics
Lauder, Leonard	117	New York City	50	200*	Cosmetics
Lauder, Ronald	117	New York City	39	200*	Cosmetics
Lawrence, M. Larry	136	San Diego; San Francisco; Palm Springs; Tahoe	57	136	Real estate, investments
LeFrak, Samuel J.	86	New York City	65	500	Real estate
Levine, Leon	112	Charlotte, N.C.	49	210	Family Dollar Stores, Inc.
Lindner, Carl H. II	106	Cincinnati	64	250	Banking, insurance
Loeb, John Langeloth	120	New York City	80	175	Financier
Louis, John Jeffry Jr.	96	Winnetka, Ill.	58	350	Inheritance (Johnson Wax)
Ludwig, Daniel Keith	74	New York City	86	2,000	Shipping, real estate
Lunger, Mary Jane du Pont	141	Wilmington, Del.	67	125	Inheritance (Du Pont Co.)
Lupton, John T.	99	Chattanooga, Tenn	57	300	Coca-Cola bottler
Lurie, Robert Alfred	119	San Francisco	54	200	Real estate
Lykes Family	153	Origin: Fla.	—	1,000	Inheritance (shipping, investments)

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MacElree, Jane Cox	99	Newton Square, Penna.	54	$ 300*	Inheritance (Dow Jones & Co.)
Mack Family	153	New York City area	—	200	Real estate
MacMillan, John Hugh III	132	Ft. Lauderdale, Fla.	55	142*	Inheritance (grain trading)
MacMillan, W. Duncan	132	Wayzata, Minn.	53	142*	Inheritance (grain trading)
Mandel, Jack N.	136	Shaker Heights, Ohio	71	135	Premier Industrial Corp.
Mandel, Joseph C.	136	Lyndhurst, Ohio	69	135	Premier Industrial Corp.
Mandel, Morton L.	136	Shaker Heights, Ohio	61	135	Premier Industrial Corp.
Manoogian, Alex	120	Taylor, Mich.	82	175†	Masco Corp.
Markkula, Armas Clifford Jr.	112	San Francisco area	41	210	Apple Computer, Inc.
Marriott, John Willard Sr.	92	Washington, D.C.	83	373†	Marriott Corp.
Mars, Forrest E. Sr.	76	Las Vegas; McLean, Va.	79	1,000	Candy
Marx, Leonard	100	New York City	78	300	Real estate
May, Cordelia Scaife	90	Pittsburgh area	55	400	Inheritance (investments)
May, Irene Sophie du Pont	124	Wilmington, Del.	83	150*	Inheritance (Du Pont Co.)
Mayer Family	153	Madison, Wis.	—	200	Inheritance (food processing)
McClatchy Family	153	Sacramento, et al.	—	300	Inheritance (publishing)
McCormick/Patterson Family	153	Chicago	—	300	Inheritance (Tribune Co.)
McGovern, Patrick J.	122	Nashua, N.H.	46	175	Publishing
McGraw Family	154	New York City area	—	400	Inheritance (McGraw-Hill Inc.)
McLean, Malcolm Purcell	91	New York City	69	400	Trucking, shipping
McLendon, Gordon	119	Dallas	62	200	Broadcasting, investments
Mellon, Paul	85	Upperville, Va.	76	500	Inheritance (investments)
Mellon, Richard Prosser	122	Ligonier, Penna.	44	167*	Inheritance (investments)
Mellon, Seward Prosser	122	Ligonier, Penna.	41	167*	Inheritance (investments)
Mellon, Timothy	141	Guilford, Conn.	41	125*	Inheritance (investments)
Meyer, August Christopher (Augie)	132	Champaign, Ill.	82	150†	Broadcasting
Milbury, Cassandra Mellon	122	Ligonier, Penna.	43	167*	Inheritance (investments)
Millard, William H.	36	Hayward, Calif.	51	500	ComputerLand
Milliken, Gerrish H.	87	Darien, Conn.	65	300	Textiles
Milliken, Minot K.	87	New York City	67	150	Textiles
Milliken, Roger	87	Spartanburg, S.C.	67	450	Textiles
Mills, Alice Francis du Pont	104	Hobe Sound, Fla.	70	275*	Inheritance (Du Pont Co.)
Milstein, Paul	123	NYC; Scarsdale, N.Y.	60	165*	Real estate
Milstein, Seymour	123	NYC; Scarsdale, N.Y.	63	165*	Real estate
Mitchell, George P.	75	Houston	64	1,000	Oil, real estate
Moncrief, William Alvin Sr.	124	Ft. Worth	88	150*	Oil
Moncrief, William Alvin Jr.	124	Ft. Worth	63	150*	Oil
Moody Family	154	Galveston, Tex.	—	350	Inheritance (insurance, banking)
Moore, Gordon E.	96	Santa Clara, Calif.	54	315	Intel Corp.
Morgan, Mary Clark Rockefeller	128	New York City	45	150*	Inheritance (investments)
Mosbacher, Robert Adam	130	Houston	56	150	Oil
Murchison, Clint W. Jr.	92	Dallas	59	350	Oil, investments
Murdock, David H.	86	Bel Air, Calif.	60	500	Real estate, acquisitions
Murphy, Charles Haywood Jr.	119	El Dorado, Ark.	63	192	Murphy Oil Corp.
Muss, Stephen	119	Miami Beach	55	200	Real estate
Newhouse, Donald E.	78	New York City	53	700*	Publishing
Newhouse, Samuel Irving Jr.	78	New York City	55	700*	Publishing
Nielsen, Arthur Charles Jr.	99	Winnetka, Ill.	64	300†	A.C. Nielsen Co.
Nielson, Glenn E.	142	Salt Lake City	79	125†	Oil
Nordstrom Family	154	Seattle	—	320	Inheritance (Nordstrom, Inc.)
Noyce, Robert N.	124	Los Altos, Calif.	55	155	Intel Corp., investments
O'Connor Family	155	Victoria, Tex.	—	750	Ranching, oil
Olnick, Robert	131	Palm Beach; NYC	68	150†	Real estate

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Olsen, Kenneth Harry	109	Lincoln, Mass.	57	$ 235	Digital Equipment Corp.
O'Neill, Abby Milton	100	Oyster Bay, N.Y.	55	300	Inheritance (investments)
O'Neill, Laura Simpson	128	Mt. Kisco, N.Y.	29	150*	Inheritance (investments)
O'Neill, Richard J.	120	San Juan Capistrano, Calif.	60	175*	Inheritance (real estate)
Ono, Yoko	131	New York City	50	150	Inheritance (music royalties)
Packard, David	74	Los Altos Hills, Calif.	71	1,850	Hewlett-Packard Co.
Palevsky, Max	119	Los Angeles	59	200	Computers
Paley, William S.	106	NYC; Southampton, N.Y.	82	250	CBS, Inc.
Park, Roy Hampton	109	Ithaca, N.Y.	72	250	Broadcasting, publishing
Parker, Jack	100	New York City	68	300	Real estate
Paulson, Allen E.	87	Savannah, Ga.	61	500	Gulfstream Aerospace Corp.
Paulucci, Jeno F.	96	Sanford, Fla.; Duluth	65	350†	Food processing, real estate
Payson, Charles Shipman	142	Portland, Me.; Florida	84	125	Inheritance, entrepreneur
Pearson, Edith du Pont	105	Greenville, Del.	71	250*	Inheritance (Du Pont Co.)
Perot, H. Ross	75	Dallas	53	1,000	Computer services
Petersen, Robert Einar	118	Beverly Hills	57	200	Publishing
Petrie, Milton	87	New York City	81	450	Petrie Stores Corp.
Pew Family	155	Philadelphia-based	—	310	inheritance (Sun Co., Inc.)
Phipps Family	155	Origin: Pittsburgh	—	1,000	Inheritance (investments)
Phipps, Howard Jr.	138	Westbury, N.Y.	49	130*	Inheritance (investments)
Pictet, Marion MacMillan	132	Geneva, Switzerland	50	142*	Inheritance (grain trading)
Pitcairn Family	155	Philadelphia	—	500	Inheritance (investments)
Pontikes, Kenneth Nicholas	112	Barrington, Ill.	43	220	Comdisco, Inc.
Pope, Generoso Paul Jr.	140	Manalapan, Fla.	56	130	Publishing
Posner, Victor	110	Miami Beach	65	235	Investments, real estate
Pritzker, Abraham Nicholas	85	Chicago	87	500*	Financier
Pritzker, Jay Arthur	85	Chicago	61	500*	Financier
Pritzker, Robert Allan	85	Chicago	57	500*	Financier
Pulitzer Family	155	St. Louis	—	400	Inheritance (publishing)
Pulte, William J.	110	Detroit	51	235†	Pulte Home Corp.
Rains, Liliore Green	116	Beverly Hills	70s	200*	Inheritance (oil)
Reed, William Garrard Sr.	99	Seattle	75	300†	Timber
Resnick Family	155	New York City; Rye, N.Y.	—	250	Real estate
Reynolds, Donald Worthington	119	Las Vegas; Ft. Smith, Ark.	77	200	Publishing
Rich, Marc	117	Switzerland	49	200	Oil trader
Rich, Robert Sr.	130	Buffalo, N.Y.	69	150†	Food products
Richardson Family	155	North Carolina; Conn.	—	220	Inheritance (pharmaceuticals)
Riklis, Meshulam	138	Beverly Hills; NYC	59	133	Rapid-American Corp.
Roberts, Ann Clark Rockefeller	128	New York City	49	150*	Inheritance (investments)
Robins, E. Claiborne	109	Richmond, Va.	73	235†	A.H. Robins Co.
Rock, Arthur	123	San Francisco	57	160	Venture capitalist
Rockefeller, William Family	155	Greenwich, Conn.; various	—	250	Inheritance (investments)
Rockefeller, David	76	NYC; Tarrytown, N.Y.	68	1,000	Inherit., bkg., real estate
Rockefeller, Hope Aldrich	128	Woodstock, Vt.	45	150*	Inheritance (investments)
Rockefeller, John Davison (Jay) IV	128	Charleston, W.Va.; NYC	46	150*	Inheritance (investments)
Rockefeller, Laurance Spelman	78	NYC; Tarrytown, N.Y.	73	650	Inheritance, investments
Rockefeller, Rodman Clark	128	New York City	51	150*	Inheritance (investments)
Rockefeller, Steven Clark	128	Middlebury, Vt.	47	150*	Inheritance (investments)
Rockefeller, Winthrop Paul	85	Winrock Farms, Ark.	35	500	Inheritance (investments)
Rogers, Richard Raymond	104	Dallas	40	252†	Mary Kay Cosmetics, Inc.
Rollins, O. Wayne	87	Atlanta	71	500	Real estate; Rollins, Inc.
Root, Chapman S.	117	Ormond Beach, Fla.	58	200	Coca-Cola bottler
Rose Family	155	New York City	—	200	Real estate

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Rosenberg, Henry A. Jr.	110	Baltimore	53	$ 233*	Inheritance (oil)
Rosenberg, Ruth Blaustein	110	Baltimore	84	233*	Inheritance (oil)
Rosenwald Family	158	Phila. area; NYC; et al.	—	300	Inheritance (investments)
Ross, Wilhelmina du Pont	141	Montchanin, Del.	77	125	Inheritance (Du Pont Co.)
Rudin, Jack	106	New York City	59	250*	Real estate
Rudin, Lewis	106	New York City	56	250*	Real estate
Rust, Eleanor Francis du Pont	124	Thomasville, Ga.	76	150*	Inheritance (Du Pont Co.)
Scaife, Richard Mellon	85	Pittsburgh	51	500	Inheritance (investments)
Scharbauer, Clarence Jr.	106	Midland, Tex.	58	250	Inheritance (oil, real estate)
Schoellkopf, Caroline Hunt	75	Dallas	60	1,300†	Inheritance (oil)
Scripps, E.W. Family	158	Origin: Cincinnati	—	550	Inheritance (publishing)
Scripps, Edward Wyllis	140	Charlottesville, Va.	74	130	Inheritance, publishing
Scripps, J.E. Family	158	Detroit; La Jolla, Calif.; et al.	—	350	Inheritance (publishing)
Scully Family	158	Illinois; Nebraska	—	400	Real estate
Scurlock, Eddy Clark	142	Houston	78	125	Oil
Searle, Daniel Crow	96	Chicago area	57	310*	Inheritance (G.D. Searle & Co.)
Searle, William L.	96	Chicago area	55	310*	Inheritance (G.D. Searle & Co.)
Shakarian, David B.	80	Pittsburgh; Bal Harbour, Fla.	69	530†	General Nutrition Corp.
Shapiro Family	158	Origin: Boston	—	270	Maryland Cup Corp.
Sharp, Bayard	110	Centreville, Del.; Florida	70	225*	Inheritance (Du Pont Co.)
Sharp, Hugh Rodney Jr.	110	Wilmington, Del.	73	225*	Inheritance (Du Pont Co.)
Sharp, Peter	131	New York City	53	150	Real estate
Sheehan, Jean Ellen du Pont	141	Coral Gables, Fla.	60	125*	Inheritance (Du Pont Co.)
Shelton, Robert	130	Kerrville, Tex.	47	150	Inheritance (ranching)
Shorenstein, Walter Herbert	59	San Francisco	68	300	Real estate
Sidamon-Eristoff, Anne Phipps	138	New York City	51	130*	Inheritance (investments)
Silliman, Marianna du Pont	124	Montchanin, Del.	72	150*	Inheritance (Du Pont Co.)
Simmons, Harold C.	119	Dallas	52	200	Entrepreneur
Simon, Esther Annenberg	87	New York City	81	125*	Inheritance (publishing)
Simon, Melvin	110	Indianapolis	56	225	Shopping centers
Simon, Norton Winfred	117	Los Angeles	76	200	Industrialist, art collector
Simplot, Jack Richard (J.R.)	87	Boise, Idaho	74	500	Potatoes
Simpson, Abby Rockefeller	128	New York City	26	150*	Inheritance (investments)
Singleton, Henry Earl	100	Los Angeles	66	275	Teledyne, Inc.
Skaggs, Leonard Samuel	112	Salt Lake City	59	206	Drug stores
Smith Family	158	Chicago	—	225	Inheritance (Illinois Tool Works)
Smith, Athalie (Joan) Irvine	120	Virginia; California	50	180	Inheritance, lawsuits
Smith, Frederick W.	132	Memphis	39	150	Federal Express Corp.
Smith, Richard Alan	112	Chestnut Hill, Mass	59	211†	General Cinema Corp.
Smith, Vivian L.	106	Houston	77	250	Inheritance (oil, real estate)
Solow, Sheldon H.	131	New York City	40s	150	Real estate
Sorenson, James LeVoy	117	Salt Lake City	61	200	Medical devices
Sowell, Anne Windfohr	130	Ft. Worth	44	150	Inheritance (ranching, oil)
Spanos, Alex G.	122	Stockton, Calif.	59	175	Real estate
Stahl, Stanley	131	New York City	59	150	Real estate
Stark, Ray	120	Holmby Hills, Calif.	66	175	Movie production, investments
Stein, Doris Jones	136	Beverly Hills	81	135	Inheritance (MCA, Inc.)
Steinberg, Saul Phillip	119	New York City	44	200†	Financier
Stephens, Jackson T.	96	Little Rock, Ark.	60	300*	Investment banking, oil
Stephens, Witton R.	96	Little Rock, Ark.	74	300*	Investment banking, oil
Stern, Leonard Norman	85	New York City	45	500	Pet supplies, real estate
Stuart, Dwight Lyman	100	Los Angeles	59	300	Inheritance (Carnation Co.)
Stuart, Elbridge Hadley Jr.	100	Bellevue, Idaho	66	265	Inheritance (Carnation Co.)
Sulzberger Family	158	New York City	—	300	Inheritance (publishing)
Swig Family	158	San Francisco	—	300	Real estate

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Tandon, Sirjang Lal	132	Chatsworth, Calif.	41	$ 150	Tandon Corp.
Taper, Sydney Mark	96	Los Angeles	81	325	Banking, real estate
Taubman, A. Alfred	86	Bloomfield Hills, Mich.; Palm Beach	58	500	Real estate
Temple Family	158	Texas	—	650	Inheritance (Time Inc.)
Thompson Family	159	Dallas	—	225	The Southland Corp.
Thorne, Oakleigh Blakeman	110	Millbrook, N.Y.	51	225†	Commerce Clearing House, Inc.
Thouron, Esther Driver du Pont	105	Unionville, Penna.	75	250*	Inheritance (Du Pont Co.)
Tisch, Laurence A.	90	NYC; Harrison, N.Y.	60	400	Loews Corp.
Tisch, Preston Robert	90	NYC; Harrison, N.Y.	57	400	Loews Corp.
Trump, Donald John	118	New York City	37	200*	Real estate
Trump, Fred Charles	118	New York City	77	200*	Real estate
Turner, Robert Edward (Ted)	92	Marietta, Ga.	44	355	Turner Broadcasting System, Inc.
Turner, Tom E.	132	San Antonio	69	150	Sigmor Corp.
Ueltschi, Albert L.	123	Greenwich, Conn.	65	165	FlightSafety International, Inc.
Uihlein Family	159	Milwaukee	—	350	Inheritance (beer)
Upjohn Family	159	Kalamazoo, Mich.	—	485	Inheritance (Upjohn Co.)
Van Andel, Jay	100	Ada, Mich.	59	300*	Amway Corp.
van Beuren, Hope Hill	138	Middletown, R.I.	49	130	Inheritance (Campbell Soup Co.)
Vesco, Robert Lee	141	Caribbean area	48	125	Fugitive
Vollum, Howard	109	Portland, Ore.	70	250	Tektronix, Inc.
von Platen, Ruth Chandler	132	San Marino, Calif.	86	140	Inherit. (The Times Mirror Co.)
Vose, Charles A. Sr.	128	Oklahoma City	82	150*	Banking
Vose, Charles A. Jr.	128	Oklahoma City	39	150*	Banking
Wagner, Cyril Jr.	90	Midland, Tex.	49	450*	Oil
Wallace, Lila Acheson	106	Mt. Kisco, N.Y.	92	250	Publishing
Walton, Sam M.	74	Bentonville, Ark.	65	2,150†	Wal-Mart Stores, Inc.
Wang, An	74	Lincoln, Mass.	63	1,600†	Wang Laboratories, Inc.
Ward, Louis L.	118	Kansas City, Mo.	63	200	Russell Stover Candies Inc.
Wasserman, Lew R.	140	Beverly Hills; Palm Springs	70	130	MCA, Inc.
Weiler Family	159	New York City	—	350	Real estate
Weinberg, Harry	90	Honolulu; Baltimore	75	400	Real estate, investments
Weis, Robert F.	104	Sunbury, Penna.	64	215	Weis Markets, Inc.
Weis, Sigfried (Siggy)	104	Lewisburg, Penna.	67	270	Weis Markets, Inc.
Wexner, Leslie Herbert	80	Columbus, Ohio	46	541†	Retailing
Weyerhaeuser Family	159	St. Paul; Wash. State	—	750	Inheritance (timber)
Whitehead, Edwin C. (Jack)	130	Greenwich, Conn.	64	150	Medical instruments
Whitney, Betsey Cushing	104	Manhasset, N.Y.	75	275	Inheritance (investments)
Whittenburg Family	159	Amarillo, Tex.	—	250	Inheritance (ranching, oil)
Whittier Family	159	Southern Calif.	—	600	Inheritance (oil)
Williams, Clayton Wheat Jr.	116	Midland, Tex.	51	200	Oil
Wirtz Family	159	Chicago	—	300	Real estate, sports
Wolfe Family	159	Columbus, Ohio; Calif.	—	300	Publishing, broadcasting, bkg.
Woodruff, Robert Winship	118	Atlanta	93	200	Coca-Cola
Ziff, William B. Jr.	109	New York City	52	250	Publishing
Zilkha, Ezra Khedouri	141	New York City	58	125	Investments
Zimmerman, William	112	Huntington Beach, Calif.	63	220	Pic "N" Save Corp.
Zuckerman, Mortimer B.	132	Beacon Hill, Mass.	45	150	Real estate

*Assuming equal shares in common fortune. †Family fortune individually allocated.

Cynics say it's the tax code that prompts the rich to give, that otherwise they would be throwing nickels around like manhole covers. The record shows otherwise.

Some dare call it charity

By William G. Flanagan and Kevin McManus

I made the money. You guys will have to figure out how to spend it."—John Donald MacArthur, on several occasions to various directors of the MacArthur Foundation.

If the sheer amount involved is the sole measure of generosity, Americans are the most generous people on earth. As a nation we contributed over $60 billion to philanthropic causes in 1982. That is more than the combined aftertax net reported by the 60 most profitable companies in the U.S. that entire year.

And it is individuals, not institutions, who account for the lion's share of that giving. Private citizens dropped about $49 billion into the countless return envelopes, outstretched palms and collection plates that were passed before them last year. Another $5 billion was donated via individuals' bequests. Foundations, most of them established by individuals, distributed about $3.2 billion more.

Corporate America, by comparison, is a tightwad. (Many stockholders doubtless prefer it that way. Pay them heftier dividends and they can pick their own charitable causes.) In all, companies gave away a relatively modest $3.1 billion in 1982. A single individual gave away over one-third that amount last year. Or at least his estate did, and it went to a single cause. More about that later.

In no other aspect of American life are the rich more influential than in philanthropy. Religious organizations, schools, hospitals, museums and many other cultural and humanitarian institutions are largely, some even wholly, dependent upon the generosity of contributors. Were it not for a relative few benefactors, or in some cases even a single one, many charities and cultural institutions simply could not exist.

It may still be true that it is as easy for a rich man to get into heaven as for a camel to wriggle through the eye of a needle, but you would never know it from the way the rich in general distribute their wealth. Churches, synagogues and other religious organizations received over $28 billion in donations last year, up almost 13% from 1981. That's almost half of all charitable giving in 1982.

Obviously, religious contributions come from people from all walks of society. Indeed, most studies show that the poor, those earning less than $10,000 a year, contribute proportionately as much to charity—about 3.5% of their incomes—as do those earning over $100,000. According to Brian O'Connell, president of Independent Sector, an organization that promotes philanthropy and voluntarism, people with incomes of from $25,000 to $50,000 are comparative skinflints, donating only about 1.4% of income to charity.

After organized religion, here's how other institutions fared in 1982, according to the American Association of Fund-Raising Counsel: education ($8.59 billion); health and hospitals ($8.41 billion); social welfare ($6.33 billion); art and humanities ($4.96 billion); civic and public ($1.67 billion); and other ($2.37 billion).

The strong showing of educational institutions is evidence of their sharpened abilities to solicit funds—as any alumnus or alumna of anywhere can attest. In fact, gifts to education

Personal Affairs

Edited by William G. Flanagan

have nearly doubled since 1976.

Perhaps because they have been courted so long by so many causes, the rich have developed certain styles in their giving. The charity ball, an institution that conveniently links a good time with a good cause, not only survived the collapse of manners of the 1960s and 1970s, it is thriving as never before *(see p. 244)*. High-minded hosts and hostesses continue to outdo themselves, and one another, to make each ball more dramatic than the last. Witness Pierre Cardin's spectacular replication of his Paris restaurant Maxim's for a recent ball at the Metropolitan Museum. The cost, says a Cardin spokesman, was $750,000—reportedly more than the ball netted. Balls are definitely in—even the under-40s are enjoying them.

The causes that the rich espouse range widely, of course, from such special tastes as the Costume Institute of the Metropolitan Museum of Art (for which Cardin built his mini-Maxim's) to such patently worthy, and needy, institutions as the American Cancer Society. And, perhaps in response to President Reagan's oft-stated view that culture should be underwritten by the populace rather than by the government, many balls now benefit opera and ballet companies, symphony orchestras and museums. While it may be doubtful whether the average ball-weary Palm Beacher is certain which agency is benefiting from his $250-to-$1,000-a-plate "contribution," the fundraisers are smiling nonetheless, and so are the beneficiaries.

When it comes to making large gifts or bequests, however, the rich generally have been trending toward a Big Bang approach. "Rather than shotgun their gifts all over the place, they're giving more to fewer organizations," says Tom Sanberg, development director of the Museum of Science and Industry in Chicago.

Alma mater is still a favored cause. This means that some rich schools get richer while some poor ones, pregnant with debt, must beseech their alumni to bail them out. In an era when it is still possible to go from shirtsleeves to limousines in a third of a generation, that happens often enough to

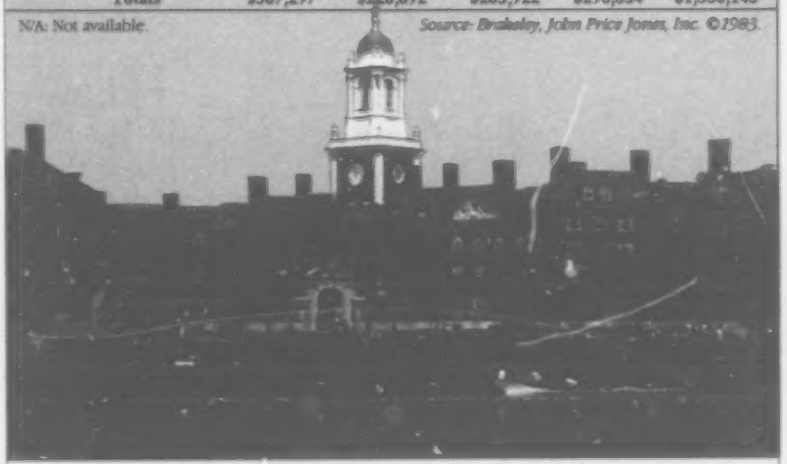
What larger colleges were given in 1982

Harvard continues to garner more in gifts each year than any other major school. Since 1920, it has taken in $1.8 billion, followed by Yale ($1.2 billion) and Stanford ($1 billion). Figures below and on page 242 are for 1981-82.

41 of the larger colleges and universities	Gifts	Bequests	Foundation grants	Corporate philanthropy	Total
			(thousands)		
Brown University	$ 13,151	$ 531	$ 2,882	$ 2,544	$ 19,108
California, University of	370	N/A	220	241	831
at Berkeley	13,384	N/A	976	6,504	20,868
at Davis	4,896	N/A	636	2,867	8,399
at Irvine	1,833	N/A	456	2,149	4,438
at Los Angeles	17,959	N/A	5,996	39,077	63,032
at Riverside	453	N/A	181	622	1,256
at San Diego	4,620	N/A	2,034	3,735	10,389
at San Francisco	3,166	N/A	10,410	3,583	17,159
at Santa Barbara	1,749	N/A	201	1,085	3,035
at Santa Cruz	1,142	N/A	155	223	1,520
Carnegie-Mellon University	5,624	77	4,481	4,327	14,509
Case Western Reserve Univ.	9,368	777	4,952	4,503	19,600
Chicago, University of	21,522	3,938	11,156	6,698	43,314
Cincinnati, University of	5,872	3,768	480	1,004	11,124
Columbia University	20,247	5,233	14,929	11,074	50,583
Cornell University	17,960	8,394	14,729	9,847	50,930
Dartmouth University	18,760	3,031	5,469	3,256	30,516
Emory University	7,764	567	2,349	3,825	14,505
Georgetown University	3,664	547	4,388	5,845	14,444
Harvard University	46,953	87,727	24,760	21,579	181,019
Illinois, University of	12,586	2,451	8,533	25,180	48,750
Iowa, University of	10,192	3,018	2,270	4,640	20,120
Johns Hopkins University	12,296	8,431	9,719	6,225	36,671
Lehigh University	4,991	1,751	1,943	2,487	11,172
Loyola Univ. of Chicago	15,911	1,143	1,400	2,727	21,181
Mass. Inst. of Tech.	10,107	2,550	15,960	12,438	41,055
Michigan, University of	13,537	6,729	9,200	16,113	45,579
Minnesota, University of	35,927	1,931	7,807	9,207	54,872
New York University	14,508	3,800	11,065	6,010	35,378
Northwestern University	18,040	6,017	8,873	5,510	38,440
Notre Dame University	12,927	788	8,189	3,562	24,466
Ohio State University	9,750	2,240	1,814	5,240	19,044
Pennsylvania, Univ. of	15,349	4,600	12,059	10,309	42,317
Princeton University	29,219	4,772	10,026	3,335	47,352
Rutgers, The State Univ.	3,242	172	1,526	2,487	7,427
So. Calif., University of	42,637	1,890	1,752	8,366	56,555
So. Methodist University	8,383	1,322	5,155	2,122	16,982
Stanford University	24,821	11,355	17,245	23,545	76,966
Tulane University	9,997	5,901	3,603	4,807	24,308
Vanderbilt University	8,610	1,600	4,220	4,255	18,685
Yale University	32,946	33,041	10,623	5,636	82,246
Totals	$567,297	$220,092	$263,922	$298,834	$1,350,145

N/A: Not available

Source: Brakeley, John Price Jones, Inc. ©1983.



Harvard University
$181 million in 1982.

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keep many private schools alive.

To judge by the contributions reported each month in the *Philanthropic Digest* and other publications that chronicle such things, Ivy League schools such as Harvard, Yale and Cornell continue to get their share of gifts. For one thing, of course, there is their long history and elite tradition, yielding an abundance of well-heeled graduates. But they have also become sophisticated in soliciting funds. It's a powerful combination. Consider what some individuals have donated to Princeton alone over the last couple of years: $5.6 million from James C. Donnell II; $5 million from Laurance S. Rockefeller; $4 million from the Forbes Foundation and the Forbes family; $2 million from Thomas Nichol Jr.; $2 million from David Richardson; $1.9 million from Carl Egner; $1.25 million from Murton du Pont Carpenter; $1 million from Harold W. McGraw Jr. In 1980 Princeton was even in the peculiar but enviable position of having received $5 million from another school—the University of Riyadh, to fund a center for the study of the life sciences.

The more the wealthy contribute to the Ivy and other favored schools, the less elitist they are likely to remain. So much money is now available for scholarships and financial aid—70% of Harvard's freshmen this fall are receiving some form of financial aid—that students no longer need to be born with silver spoons in their mouths to qualify for admission.

Large state universities and major church-linked schools are also doing relatively well with contributions *(see table, p. 241)*. And, occasionally, beneficent lightning can strike anywhere. The University of the South was recently left an estimated $10 million by playwright Tennessee Williams, who never even attended the school. (But fundraisers everywhere noted that the university voted him an honorary degree in 1978. Who says granting honorary degrees is silly?)

The J. Paul Getty Museum in Los Angeles
How to spend $1.3 billion?

Philanthropists often favor institutions close to home. But home to the likes of Armand Hammer might be hard to define, so often is the 85-year-old chairman of Occidental Petroleum abroad. So, from a man as likely to pop up in China or Russia as he is at Oxy's offices in Los Angeles, it comes as less than a total surprise that he should endow his own international university, or at least a branch of it. Hammer's foundation has contributed almost $9 million to something called the Armand Hammer United World College of the American West, in Montezuma, N.M. Like the five other branches scattered around the world, the school attempts to promote international understanding. Hammer's enthusiasm for the school was kindled by Lord Mountbatten, an early supporter of the idea.

After churches and schools, it is hospitals and health organizations that benefit the most from the wealthy. Some notable gifts of late: $15 million from the late John Hay Whitney to New York Hospital/Cornell Medical Center; $15 million from Arthur O. and Gullan Wellman to Massachusetts General, etc.

Private-health agencies collected a total of $837 million last year, with the American Cancer Society ($183 million), the American Heart Association ($109 million), the March of Dimes ($76 million), the Muscular Dystrophy Association ($75 million), the National Easter Seal Society ($68 million), the American Lung Association ($67 million) and the Planned Parenthood Federation ($43 million), the leading recipients.

But of all charitable contributions made in 19[illegible], none could even come close to the $1.3 billion left by J. Paul Getty to the Los Angeles museum that bears his name. Thus Getty, a lifelong collector, has permanently linked his name with art through his extraordinary bequest. Conservatively invested, these days, that sum throws off more than $2.5 million a week in interest alone.

What smaller colleges were given in 1982

21 of the smaller colleges and universities	Gifts	Bequests	Foundation grants	Corporate philanthropy	Total
			(thousands)		
Antioch College	$ 1,117	$ 279	$ 53	$ 300	$ 1,749
Beloit College	1,883	494	604	854	3,835
Bowdoin College	4,138	16	192	518	4,864
Bucknell University	1,652	1,794	649	649	4,744
Carleton College	1,608	151	1,806	486	5,051
Colby College	1,889	485	548	430	3,352
Davidson College	2,302	1,010	2,233	534	6,079
Hampton Institute	648	42	885	608	2,183
Haverford College	2,460	183	1,556	249	4,448
Hobart & Wm. Smith Col.	1,622	1,987	402	217	4,228
Holy Cross, College of the	3,096	595	85	657	4,433
Lafayette College	3,426	367	544	1,140	5,477
Middlebury College	1,570	572	1,169	389	3,700
Oberlin College	2,181	1,032	321	368	3,902
Pomona College	2,992	2,785	1,907	427	8,111
Stevens Inst. of Tech.	1,331	5,087	162	1,521	8,101
Trinity College (Conn.)	1,713	171	510	484	2,878
Vassar College	3,797	2,268	4,322	145	10,532
Wabash College	2,156	1,087	204	243	3,690
Wesleyan University	3,161	808	1,296	385	5,650
Williams College	4,684	1,116	1,449	577	7,826
Totals	$50,426	$22,329	$20,897	$11,181	$104,833
9 women's colleges					
Barnard College	$ 1,526	$ 939	$ 266	$ 219	$ 2,950
Bryn Mawr College	2,949	1,257	2,748	671	7,625
Goucher College	2,072	584	255	362	3,273
Mills College	1,452	150	405	197	2,204
Mount Holyoke College	N/A	N/A	N/A	N/A	5,585
Radcliffe College	1,723	738	999	189	3,649
Smith College	7,039	5,103	1,010	868	14,020
Trinity College (D.C.)	446	190	119	123	928
Wellesley College	4,972	2,111	1,392	467	8,942
Totals	$22,179	$11,072	$7,194	$3,096	$49,176
Totals 41 large schools	$567,297	$220,092	$263,922	$298,834	$1,350,145
Grand totals 71 schools	$639,902	$253,493	$292,013	$313,111	$1,304,154

N/A: Not available.

Source: Brakeley, John Price Jones, Inc. © 1983

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While fundraisers work diligently on soliciting the wealthy, sometimes a big one still gets away. Florence J. Gould, who died last February at the age of 87, was evidently one of them. The daughter-in-law of railroad magnate Jay Gould left the bulk of her $123.8 million estate to establishing a foundation for "promoting Franco-American amity and understanding."

There are an astonishing number of recognized charities in the U.S.—some 300,000, according to the IRS—and some are not as efficient, to put it charitably, as others.*

Wealthy donors are usually very picky about their charities and, according to fundraisers, are seldom hoodwinked. "By and large, wealthy people plan their giving very carefully," says E. Burr Gibson, chairman of Marts & Lundy Inc., a fundraising counseling firm.

Charities, on the other hand, are usually not so picky about donors and they don't look gift horses in the mouth. Nor, it can be argued, should they. If a family fortune was started by a bookmaker or a robber baron, should Harvard or the Metropolitan Museum reject the handsome contributions of the grandsons? If a union wants to give cash to some boys' clubs, should the charity be troubled if its boss is a racketeer?

"For the most part, there is relatively little concern as to the source of the wealth," says Gibson. The Internal Revenue Service, it should be noted, takes a similar view. No money is so tainted that it isn't welcomed or sought, one way or another.

Why do the wealthy give so much away? A simple answer would be because they have it, and, obviously, they can't take it with them. Then, too, there is the Internal Revenue Service, which would otherwise get a lot of the money that is donated to charitable causes. "Not to give is dumb economically," notes Charlotte Curtis, associate editor of the *New York Times* and a keen observer of the very rich. But there is more to it than that.

John J. Schwartz, president of the American Association of Fund-Raising Counsel, thinks the influence of the tax laws is exaggerated. There is an "intrinsic generosity to begin with," he says. The Economic Tax Recovery Act of 1981 took a lot of the bloom off charitable deductions by cutting the tax benefit from 70% to 50% on major gifts, he points out. Yet an AAFRC study of more than 200 affluent donors found that taxes hardly figured into the reasons for giving. In order of importance, the donors cited belief in the institution and its purposes; belief that the current needs are important; a sense of loyalty or gratitude or affection; friendship and respect for the solicitor; and, finally, tax considerations.

"I think the wealthy are more generous than the public perceives them to be," says J. Richard Wilson, president of the National Society of Fund-raising Executives. "Those of us who work with them and among them see a great deal of generosity."

John Schwartz, pointing to the fact that Americans give away more and more away each year, thinks they are generous enough to contribute to almost any worthy cause. "Campaigns fail because not enough people are asked," he says, "and not because too many people say no."

*Note: Two agencies that provide ratings of charities according to strict standards of accountability are the National Information Bureau (419 Park Avenue South, New York, NY 10016) and the Philanthropic Advisory Service of the Council of Better Business Bureaus (1515 Wilson Boulevard, Arlington, Va. 22209).

"Dancing for a disease"

Few indulgences of the rich take harder knocks than the charity ball. In *The Very Rich Book*, Jacqueline Thompson writes, "As an arena for social climbing, the charity ball—or 'dancing for a disease'—holds far more promise than the private ball ever did." The charity ball remains, nonetheless, an effective generator of funds for all sorts of causes, some more noble than others.

Washington, D.C.'s Cancer Ball, for example, raises nearly $400,000, or about one-third of the operating expenses of the American Cancer Society's local division. The Carousel Ball, staged each year in Denver by volunteers headed by oilman Marvin Davis and his wife, Barbara, consistently raises over $1 million for diabetes research.

In Palm Beach the International Red Cross Ball nets the agency's local chapter about $100,000. "That's certainly a large part of our annual budget," says Dorothy Kelly, chapter manager. "If the wealthy people who go to the ball are having fun, bless their hearts. But believe me, that money comes over here, and we are grateful."

Revelers at 1982's Carousel Ball

Celebrities, glamour—and millions for diabetes research.

Kelly's endorsement is seconded by officials for orchestras, opera companies, theaters, museums, boys' and girls' clubs, medical centers, halfway houses, rescue missions and research agencies for many of the more common diseases, and even some very rare ones.

Hosts nowadays have to be truly imaginative to attract the right people and insure a good time. That takes some doing.

At the Bob Hope Classic Ball in Palm Springs last January, for example, guests were greeted by a turbaned Hindu ceremonial dancer aboard a fake elephant. The party room was decorated like a sheikh's tent, with silk-draped chandeliers and miniature ponds on which white gardenias floated.

Entertainment at the ball, which preceded the Bob Hope Desert Classic golf tournament, included Hope himself, Sammy Davis Jr., Andy Williams

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and the Les Brown Orchestra. Guests also got to rub shoulders with hundreds of other Hollywood celebrities. The $300,000 raised that evening (tickets were $250 apiece), plus some $700,000 raised by other Desert Classic week activities, was distributed among 32 local agencies, ranging from a blood bank to a guide-dog service. The bulk of it, some $735 million, went to the Eisenhower Medical Center, at nearby Rancho Mirage, Calif.

Guests in private planes converge on Denver from all over the country to attend the Davises' Carousel Ball. The proceeds, which last year totaled $1.4 million, go to the Children's Diabetes Foundation at Denver (the Davises' daughter Dana has the disease).

Davis, who owns half of Twentieth Century-Fox, has had no trouble rounding up the likes of Jimmy Stewart, Walter Cronkite, Kenny Rogers, Warren Beatty, Senator Gary Hart, Brooke Shields and Henry Kissinger. The ball itself is preceded each year by a huge auction of items donated by guests. This year Kenny Rogers has donated two Arabian geldings, and Donald Sutherland has turned over the keys to a classic restored 1951 Buick convertible.

At the Cattle Baron's Ball, usually held at a different Dallas ranch each year—proceeds go to the American Cancer Society—revelers can be found wearing elaborate western-style outfits with lots of leather, suede, sequins, fringe and buckles. "It is what Hollywood's idea of Texas might be, only it's real," says one local newspaper's society columnist.

"Dallas is benefit bonkers," the columnist explains. "There are other fundraising events that net in the neighborhood of $500,000, but not all of them are as much fun and have the glamour associated with the Cattle Baron's Ball."

The best-run charity balls manage to net the big money they do by lining up individual and corporate "angels" to pay all or much of the events' costs, so the contributions go straight to charity. In return for their subsidies, the angels usually receive some press coverage, tax benefits and the goodwill of all the VIPs associated with an event.—K.M.

They're throwing a ball

Below, roughly East to West, is a list of some of the most prestigious charitable fundraising events staged in the past year. The cash figure that follows each name is the net amount raised. All are annual affairs except the triennial America's Cup Ball.

City	Event	Cash raised	Cause
Miami	Flamingo Ball	$150,000	American Cancer Society
	Autumn Ball	60,000	American Cancer Society
Palm Beach	Christmas Ball	56,000	Animal Rescue League
	Sixty-five Roses Benefit	139,000	Cystic Fibrosis Foundation
	Red Cross Ball	100,000	American Red Cross
	American Cancer Society Palm Beach Benefit (ball and golf match)	400,000	American Cancer Society
Atlanta	Piedmont Ball	155,000	Piedmont Hospital
Washington, D.C.	Opera Ball	140,000	Washington Opera
	Cancer Ball	400,000	American Cancer Society
	Meridian House Ball	110,000	Meridian House International
	National Symphony Ball	250,000	National Symphony Orchestra
New York	Party of the Year	250,000	Costume Institute of the Metropolitan Museum of Art
	Memorial Sloan-Kettering Cancer Center Dinner Dance	100,000	Memorial Sloan-Kettering Cancer Center
	Botanical Garden Party	NA	New York Botanical Garden
Newport, R.I.	America's Cup Ball (every three years)	204,000	Newport Preservation Society and three American racing syndicates
Nashville	Swan Ball	350,000	Tennessee Botanical Gardens and Fine Arts Center
Cleveland	Orchestra Ball	70,000	Cleveland Orchestra
Chicago	Crystal Ball	NA	Michael Reese Hospital
	Summer Ball	255,000	Chicago Boys Club
	Opening Night Opera Ball	155,000	Chicago Lyric Opera
Dallas	Junior League Follies	625,000	Community Service Trust Fund of Junior League of Dallas
	Cattle Baron's Ball	500,000	American Cancer Society
Denver	Carousel Ball	1,400,000	Children's Diabetes Foundation at Denver
Palm Springs	Annual Fundraising Gala	300,000	Palm Springs Desert Museum
	Bob Hope Classic Ball	300,000	Assorted charities
Los Angeles	Women's Guild of Cedars-Sinai Medical Center film premiere	350,000	Cedars-Sinai Medical Center
	Last Great Hollywood Party Medical Center & Research Institute	350,000	City of Hope National
	American Red Cross Humanitarian Award Dinner	135,000	American Red Cross (Los Angeles chapter)
San Francisco	Black and White Ball	300,000	San Francisco Symphony
	Valentine Ball	30,000	San Francisco Museum of Modern Art

NA: Not available

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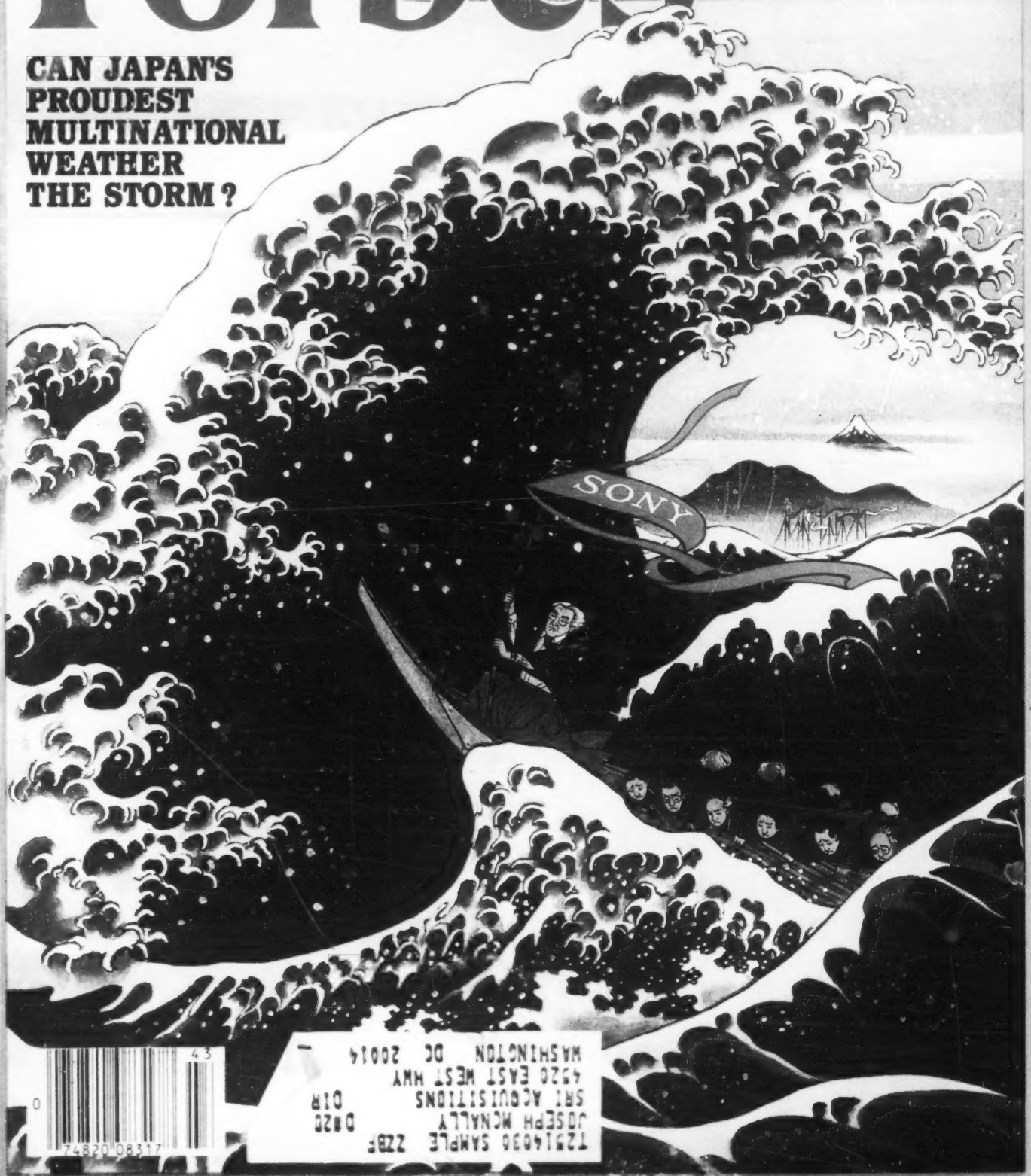
Forbes

CAN JAPAN'S PROUDEST MULTINATIONAL WEATHER THE STORM?



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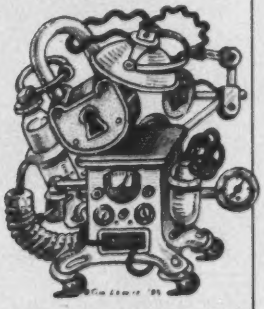

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Illustrations:
48, 186, Susan Gray; 57, 114, Peter Kuper; 66, Tim Lewis; 84, 173, 220, Chas. B. Slackman; 130, 131, 132, Kinuko Craft; 194, Gary Hallgren

Cover Illustration: Kinuko Craft

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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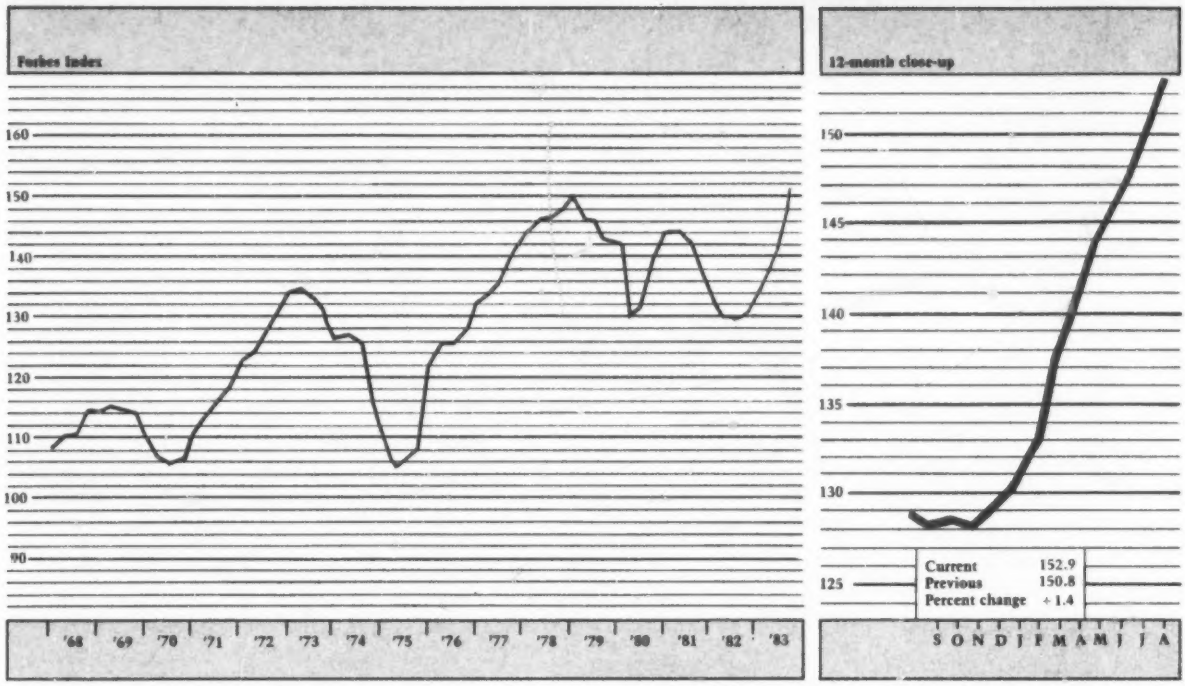
The Forbes Index



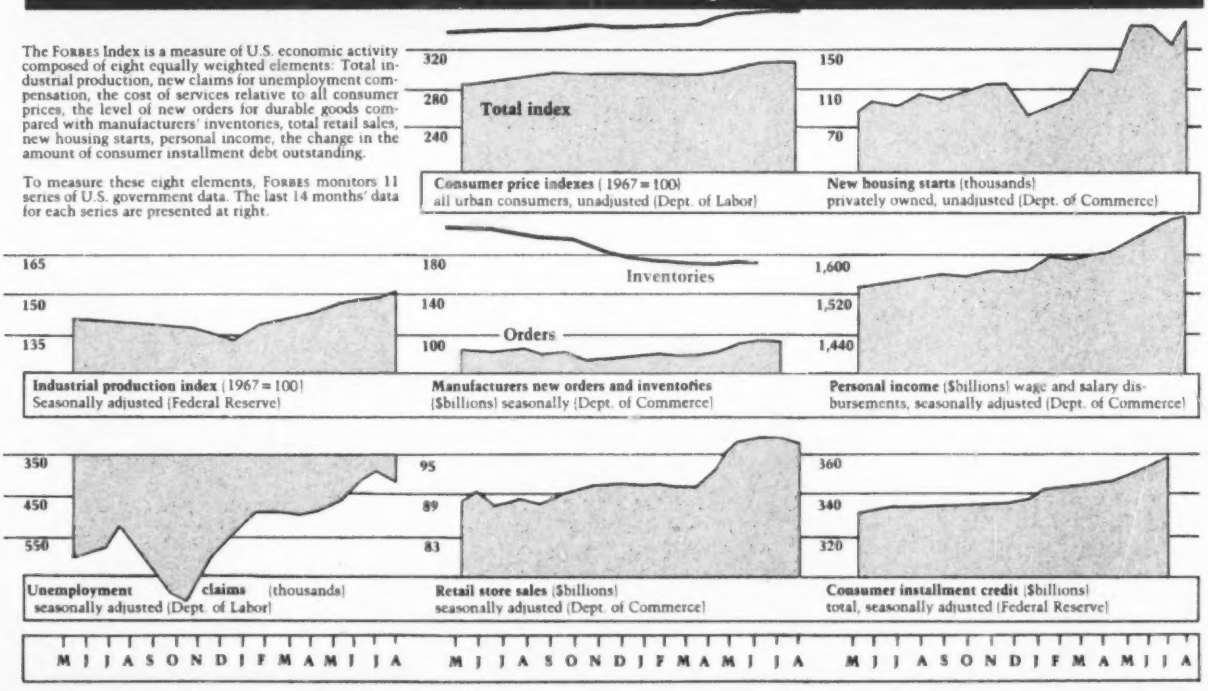
One step at a time. The Forbes Index is still trekking upward. But the rate of the increase continues to slow. Revised figures for new housing starts are largely responsible for the latest advance, a healthy 12.6% from the previous month. Compared with the level one year ago, new housing starts, up 87%, are particularly strong.

The Consumer Price Index for services also contains some soothing news for those worried about a resurgence of inflation. The latest figures on this component of the Forbes Index show a 0.3% gain from the previous month. Last year at this time the month-to-month jump was almost twice as high. Consumers now have more money in their pockets, too: Personal income posted a 0.4% month-to-month gain.

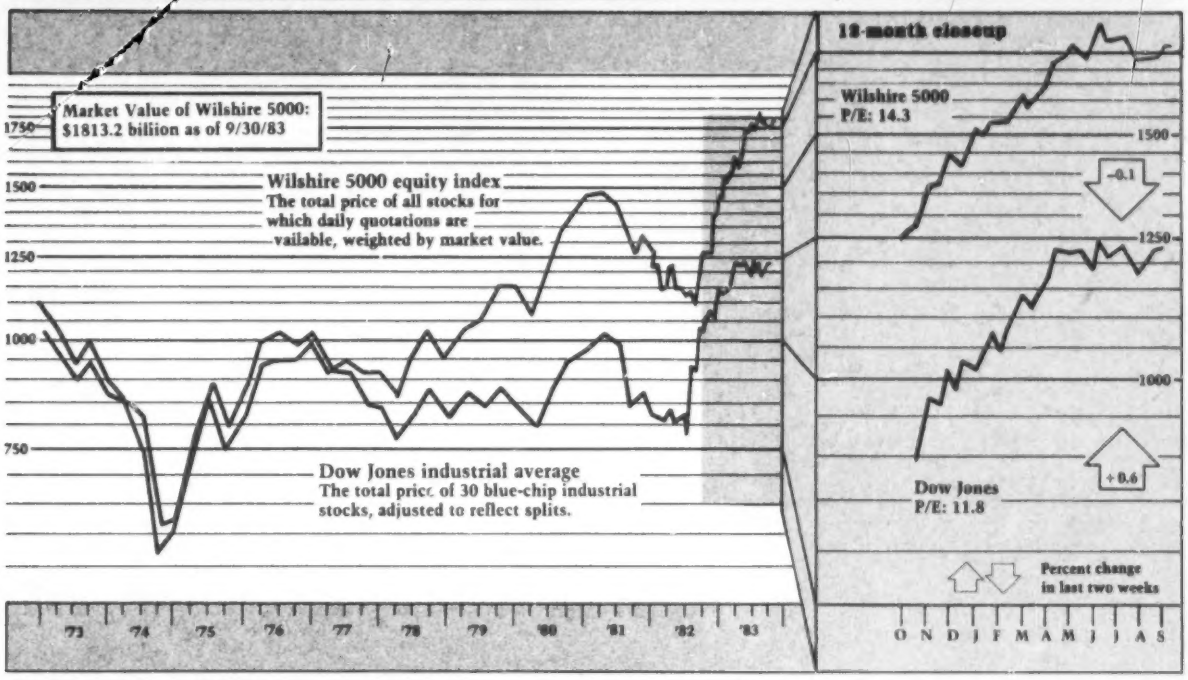
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review



The correction continues for secondary stocks. While blue chips show minor advances for the two- and four-week periods, secondary issues continued on the southward course that they began early in July. Over the last two weeks the Amex was off 1.1% and the NASDAQ 0.5%. On the other hand, the Dow industrials gained 0.6% and the average Big Board stock was up 0.1%, according to the NYSE index. But the gains in big capitalization issues were not enough to prevent the overall market, as measured by the Wilshire index, from slipping 0.1% for the two weeks. Over the last four weeks, however, the Wilshire managed a 0.6% advance, despite losses for Amex and NASDAQ issues. This dichotomy is further highlighted by the yardstick measurements below. The shares of large companies are up 1% for the month while small firms declined 1.7%. High-volatility shares lost 2.6% while low-volatility shares were up 1.1%. And issues with high-growth profiles were off 3.5% vs. a 2.4% gain for their low-growth counterparts. Because of earnings improvements for some of the Dow stocks, the P/E on the Dow industrials declined from 12.5 to 11.8. The Dow stocks had not sold for less than 12 times latest 12-month earnings since mid-February. Meanwhile, the P/E on the Wilshire index remained unchanged at 14.3.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	0.6	0.9	1.5	1.0	–0.9	–0.4
in last 52 weeks	40.7	34.9	35.8	37.5	62.7	57.2

Stock performance based on five key investor yardsticks

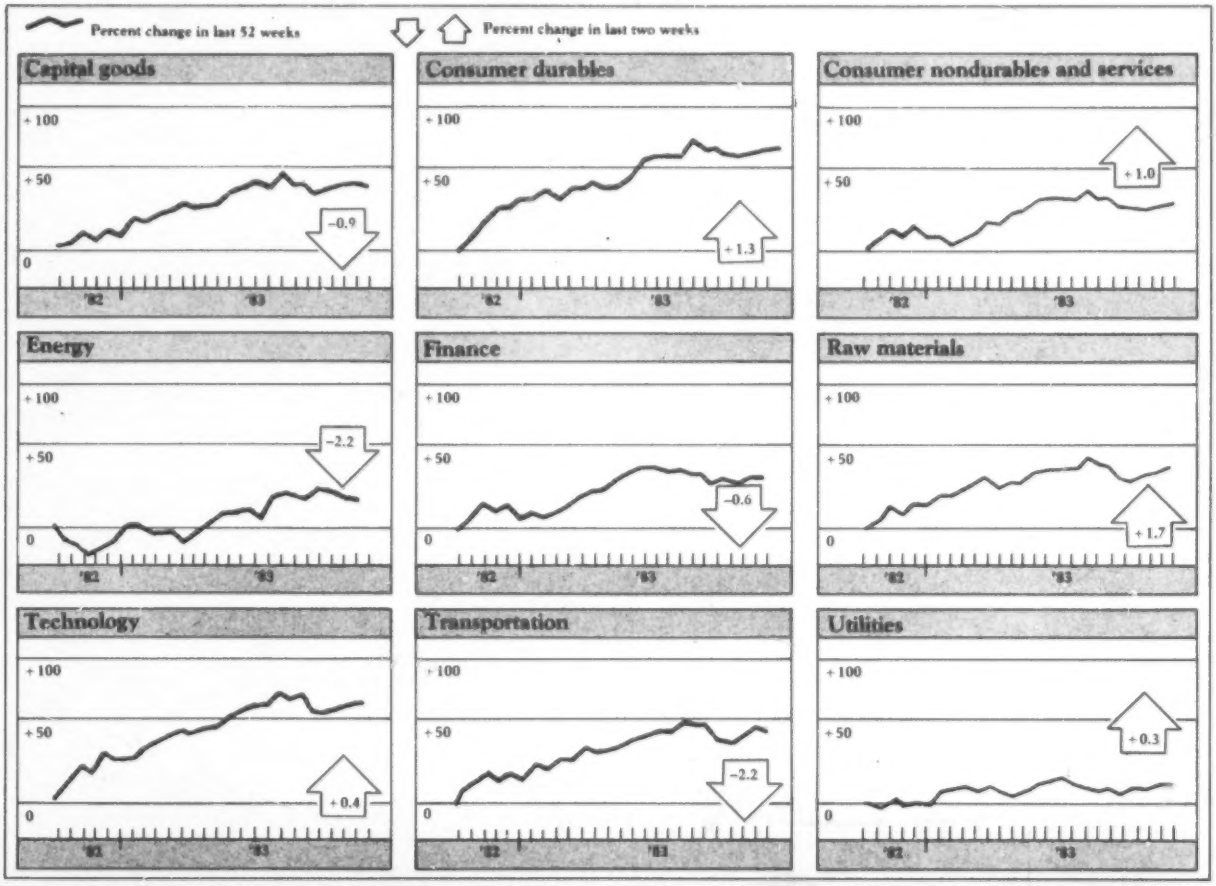
Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	1.0	–1.7	–2.6	1.1	–2.3	–1.0	2.8	– 0.8	–3.5	2.4	2.2	–2.9
in last 52 weeks	42.6	128.8	115.7	49.4	81.1	121.6	44.5	120.6	134.0	50.3	54.5	118.1

[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 9/30/83. Prepared by Wilshire Associates, Santa Monica, Calif.

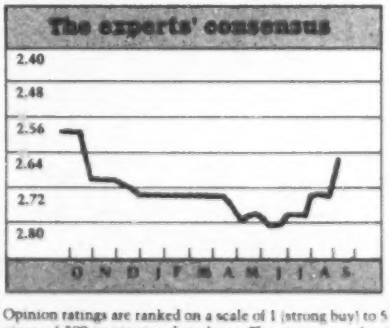
Where The Action Is

Energy spurned again. Despite a reviving economy, a weakening dollar (which should boost U.S. exports) and a growing demand for larger cars, the market again turned its back on the oils. With a 2.2% loss for two weeks and a 4.1% loss for four weeks, this group suffered further erosion of the modest gains it had been making for the past several months. Investors responded to the bankruptcy of Continental Airlines and the precarious positions of several competitors by dropping transportation shares to a last-place tie with energy shares for two-week performance. Capital goods lost 0.9%, and finance declined 0.6%. Several major brokerage stocks lost ground when they revealed large losses stemming from the failure of a major client to deliver securities.



What The Analysts Think

Technology doesn't impress the experts. While utilities became further entrenched in first place in analysts' favor, technology stocks ended up in the cellar. And energy, a former favorite, slipped all the way to eighth place. Transportation shares also declined in the rankings. Meanwhile, consumer durables shot up to fourth place.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.35	1	1
2	Raw materials	2.58	2	3
3	Capital goods	2.63	3	6
4	Consumer durables	2.64	9	9
5	Finance	2.71	5	5
6	Transportation	2.72	4	2
7	Consumer nondurables	2.73	8	8
8	Energy	2.74	6	4
9	Technology	2.74	7	7

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 9/30/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Last year it was easy to make money on moneylosing companies. Will that also be true in 1983?

Losers can be winners

By Steve Kichen

IN THE BULL MARKET THAT SWEPT up almost everything in its tide, the shares of moneylosing firms surprisingly made some of the greatest comebacks.

In July 1982, for example, our Statistical Spotlight featured 50 companies that were losing money, with the biggest losers at the top of the roster. That turned out to be a gilt-edged shopping list. In the 15 months since then, a portfolio of those stocks would have outperformed the Wilshire 5000 index by a 63% margin.

There's always an element of risk with companies running massive losses, of course. And not surprisingly, back in the summer of 1982 many a prudent portfolio manager turned his nose up at the likes of Chrysler, Massey-Ferguson, A&P and Alpha Portland Industries. But over a period when the average stock was up a healthy 60%, our losers list was up an even more impressive 98%. In fact, only 18 of the 50 stocks in our 1982 ranking underperformed the market. Even more impressive, only 6 of the stocks actually sell for less now than they did then.

Losers may be market pariahs, but they also have built-in and explosive upside potential if enough investors feel that a company can return to profitability. Look, for example, at Chrysler, the best-performing stock on our earlier list. In 15 months its shares went from 6½ to 30¼, a 373% gain. Chrysler's recovery has already become a corporate legend. But the stock can often come back before the earnings do: American Motors, which has still to return to profitability, is up 150%. Ford, the third automaker from our earlier list, is up 182%.

Fuqua Industries shows the second-best performance from our earlier list. Its problems in 1981 stemmed largely from writeoffs and restructuring. But the conglomerate returned to profitability in 1982 and analysts expect earnings of around $4 a share for 1984.

The biggest loser from July 1982 was retailer KDT Industries, off 71%. KDT filed for Chapter 11 on Aug. 5, 1982, and it appears that most of its remaining operations will be taken over by Ames Department Stores.

Two other companies on our last list also wound up in bankruptcy court, Mesta Machine and Continental Air Lines. But even this doesn't necessarily mean bad news for shareholders. For example, since July 1982 Mesta shares have gained some 104%. The market is still sorting out the situation at Continental Air Lines. The carrier entered bankruptcy late last month, its future is uncertain.

The results of the 1982 deficit list prompted us to return to the computers at Wilshire Associates for another look at losers. This time, we screened for companies with sales of $50 million or more and losses of at least $40 million in 1982. The accompanying table shows 50 of the biggest losers. Among them, these firms lost a whopping $10 billion last year. International Harvester has the dubious distinction of leading with $1.6 billion worth of red ink.

Including Tiger International, a multimode transportation company, there were nine air carriers on our earlier list and eight in our new group of deficit-ridden firms. Moreover, six of them are the same companies—

The Un-Nifty Fifty revisited

Since July 1982 the Wilshire index has gone up 60%. These deficit-ridden firms we highlighted then, however, are up an average 98%.

Company	% change in price
Chrysler	373
Fuqua Inds	314
Recognition Equip	265
Orion Pictures[1]	227
Publicker Inds	214
Basco[2]	203
Massey-Ferguson	193
Ford Motor	182
Centronics Data	174
Intl Harvester	171
American Motors	150
Instrument Systems	145
Shapell Inds	138
Bird, Inc	131
Ramada Inns	130
United Merchants & Mfgs	126
Pan Am World Airways	121
Alpha Portland Inds	121
Great Atlantic & Pacific Tea	121
Outlet Co[3]	116
CertainTeed	116
Mesta Machine[4]	104
Wurlitzer	93
Gen Refractories	88
Fedders	85
Driver-Harris	84
UAL	84
Toro	80
Superscope	79
McIntyre Mines	75
World Airways	71
MacMillan Bloedel	62
Kay Corp	59
Pabst Brewing[5]	57
Allis-Chalmers	47
Edward Hines Lumber	46
Rath Packing	43
Roblin Inds	40
Inspiration Resources[6]	29
Lamson & Sessions	23
Pantry Pride	21
Adams Resources & Energy	21
Republic Airlines	6
Munsingwear	4
Texas Air	–4
Eastern Air Lines	–4
Tiger Intl	–10
Western Air Lines	–17
Continental Air Lines[4]	–23
KDT Inds[4]	–71

[1]Formerly Filmways.
[2]Acquired for 0.36 shares Best Products Co.
[3]Rockefeller Center, Inc. offering $45.33 per share.
[4]Chapter 11.
[5]Acquired by Heileman Brewing @ $32 per share.
[6]Successor to Hudson Bay Mining & Smelting.

Statistical Spotlight

losers then, still losers today: Texas Air, Tiger International, Eastern, Western, Pan Am and World Airways. With a new round of fare wars on the horizon, their troubles seem to be far from over.

Steelmakers are also well represented on our current table. The recently announced merger between LTV and Republic Steel could be the first of many such combinations as the industry struggles with overcapacity and inefficient plants. Yet shareholders of moneylosing Republic have some cause to celebrate. LTV is offering $35 a share, and this stock hasn't traded at that level since 1976.

Lynch, Jones & Ryan's Institu-

Critical list

The recession is over, but these 50 firms—many selling close to their 52-week highs—have not returned to profitability. Such shares are for venture-some investors willing to take big chances.

Company/business	Recent price	52-week price range	1982 sales (millions)	1982 loss	Earnings per share: latest 12 months	Earnings per share: 1982	Earnings per share: 1984 estimate	Book value/ share
International Harvester/agricult equip	9½	12½– 3	$4,292.3	$–1,660.0	$–69.13	–$52.07	–$3.19	neg
Bethlehem Steel/integrated steel	25	26⅛–14⅞	5,260.3	–1,469.6	–37.23	–33.64	3.25	$29.89
Pan Am World Airways/airline	7¾	8⅞– 2½	3,716.0	–485.3	–4.02	–6.30	0.51	4.12
National Intergroup/integrated steel	31	32 –13⅞	3,044.2	–462.8	–6.31	–6.25	4.73	55.71
AMAX/metals, minerals, coal	27¼	32¾–19⅛	2,415.5	–390.1	–6.83	–6.53	0.97	32.60
US Steel/integrated steel	29⅞	30½–17⅜	18,907.0	–361.0	–7.47	–3.99	3.50	58.49
Braniff Intl[1]/airline	2 7/16	6½– 9/16*	367.6	–351.0	–15.94	–9.41	NA	neg
Armco/integrated steel	19⅞	20⅞–14⅞	5,427.9	–345.1	–7.90	–5.41	1.73	31.51
Dome Petroleum/oil & gas explor, dev	4⅜	5¾– 2 1/16	2,378.3	–299.8	–1.27	–1.39	0.47	2.28
Republic Steel[2]/integrated steel	25⅞	26⅜–13¾	2,738.2	–248.5	–13.52	–15.07	4.17	86.70
Allis-Chalmers/agricultural equip	18⅜	19⅜– 7¾	1,610.0	–207.0	–23.63	–17.24	0.73	33.51
Eaton/auto parts	44¼	45¾–28	2,452.6	–189.6	–0.65	–6.74	4.68	29.88
United Merchants & Mfg/textiles	13¼	14⅞– 5¼	561.4	–183.5	–2.96	–6.51	0.90	20.33
Caterpillar Tractor/construc mchnry	45⅝	49½–33⅛	6,469.0	–180.0	–5.57	–2.04	3.41	39.62
LTV[2]/integrated steel	18¼	18¾– 8¼	4,776.8	–170.3	–6.35	–3.20	2.63	22.76
Inco/nickel and copper	18	18¾– 8½	1,003.4	–165.8	–2.49	–2.29	1.40	10.56
Revere Copper & Brass[1]/metal fabricating	13⅞	14⅞– 4¾	561.6	–157.1	–23.53	–10.07	NA	5.56
American Motors/automotive	8⅛	11¼– 3½	2,878.4	–153.5	–2.92	–2.85	0.14	2.71
Inland Steel/integrated steel	32	35 –20⅝	2,807.6	–147.4	–6.11	–6.27	4.06	52.91
Kaiser Aluminum & Chem/aluminum	21½	22⅝–13⅜	2,911.5	–115.0	–3.26	–2.68	2.59	30.89
Crown Zellerbach/paper & forest prods	29½	33⅞–18½	2,947.4	–112.2	–4.51	–4.86	3.62	34.21
Sharon Steel/integrated steel	3¾	5¼– 2⅛	692.9	–105.6	–1.28	–0.94	NA	1.95
MacMillan Bloedel/paper, forest prods	23¾	26⅜–16½	1,496.2	–105.0	–3.44	–5.05	NA	23.53
Alliance Tire & Rubber/t&r prods	6¾	12¼– 3	2,333.1	–98.9	–0.53	–0.88	NA	neg
Air Florida System/airline	2 1/16	4 – 1 9/16	281.8	–93.4	–4.83	–5.66	2.38	neg
NVF/steel	2⅝	3¾– 1¼	810.6	–92.5	–0.96	–0.63	NA	neg
Manville[1]/building materials	12	16⅝– 5	1,772.2	–87.7	–2.05	–5.14	2.85	31.90
MGF Oil/oil & gas drilling	1 3/16	6⅛– 1 1/16	105.0	–80.3	–6.42	–5.12	–0.30	1.73
Hanna Mining/iron	23	26¼–16⅝	143.2	–80.3	–10.57	–8.47	2.21	38.70
Wheeling-Pittsburgh Steel/integrated steel	24	24⅞–13	755.1	–78.9	–27.81	–21.05	2.50	87.07
Harnischfeger/construction machinery	8¾	10⅞– 5½	447.5	–76.5	–7.60	–7.64	–1.27	13.37
Eastern Air Lines/airline	5⅜	11¾– 4⅞	3,769.2	–74.9	–5.51	–3.82	0.63	9.97
Phelps Dodge/copper	27⅛	34 –21⅝	957.8	–74.3	–1.95	–3.59	2.95	46.18
Gotaas Larsen Shipping/maritime	9	9⅛– 2⅝	174.9	–73.3	–7.85	–7.11	NA	18.52
Inspiration Res/metals, minerals, oil	14	15¼–11¾	755.9	–72.3	–3.39	–4.53	1.50	NA
Blocker Energy/oil & gas drilling explor	3¼	4¾– 2⅛	95.5	–71.7	–10.70	–11.96	NA	neg
General Refractories/furnace lining mtrls	5⅝	6⅞– 2¾	340.8	–63.5	–5.28	–6.45	0.40	4.72
Mead/paper, forest products	35⅜	36¾–16¾	2,666.5	–61.8	–3.13	–2.38	3.09	29.65
Imperial Corp Am/savings & loan	10⅝	17⅜– 8⅜	549.2	–61.1	–3.20	–4.30	1.82	15.30
Dome Mines/gold mines	15⅜	22⅛– 8	148.2	–60.6	–0.41	–0.87	1.15	3.78
Tiger Intl/freight forwarding	6¾	11½– 5⅜	1,429.7	–60.5	–12.24	–8.04	0.86	16.82
McIntyre Mines/coal	35⅜	38⅛–19⅞	79.2	–60.5	–13.28	–16.78	2.65	48.26
World Airways/airline	4½	7⅛– 1½	284.6	–58.5	–5.35	–5.95	NA	1.43
Alcan Aluminium/aluminum	38½	41⅝–20½	4,644.0	–58.0	–0.99	–0.69	4.03	29.74
Texas Air/airline	5⅝	13⅞– 5⅛	1,271.1	–55.8	–5.60	–7.27	1.54	4.90
Reynolds Metals/aluminum	39⅝	41⅜–22⅛	2,980.9	–55.1	–7.93	–1.34	2.99	66.23
Lionel[1]/retail	4¾	7¾– 2½*	295.1	–51.1	–2.43	–7.20	NA	neg
Norlin/musical instruments	28⅛	30⅜–13	96.8	–44.4	–18.53	–19.24	–0.45	35.98
Western Air Lines/airline	4⅜	7¼– 3¼	1,065.3	–44.0	–3.59	–3.56	–0.24	3.66
Nashua/office equipment	25¾	30⅛– 8⅞	597.7	–40.5	–7.88	–8.66	3.59	19.91

NA: Not available. neg: negative. *1983 price range. [1]Chapter 11. [2]LTV plans acquisition of Republic Steel at $35 per share.

Sources: Wilshire Associates; Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

Statistical Spotlight

tional Brokers Estimate System (IBES) helped us add a new feature to our list: consensus earnings estimates for many companies. Those companies on our list expected to make money next year are presently selling at an average of 9.8 times what the experts believe their 1984 earnings will be, compared with an overall market multiple of a little over 14 for latest 12-month earnings. Unless you are looking at 1985 earnings and beyond, that means many of these shares are priced very generously today.

But there may be bargains. Air Florida, for example, sells at a mere 0.8 times its 1984 estimate, LTV at 6.9 times and Tiger International at 7.8 times. Risks, of course, abound in each of these companies; they are for price-conscious risk-takers in the market, not widows and orphans.

If you are a gambler at heart, then, look closely at our 50 losers. Remember how well our last list performed. But note, too, that now most of these stocks are selling much closer to their 52-week highs than to their recent lows. ■

The Funds

Many mutual funders are outraged that the SEC proposes negotiated sales commissions. What are they yelling about?

Another May Day

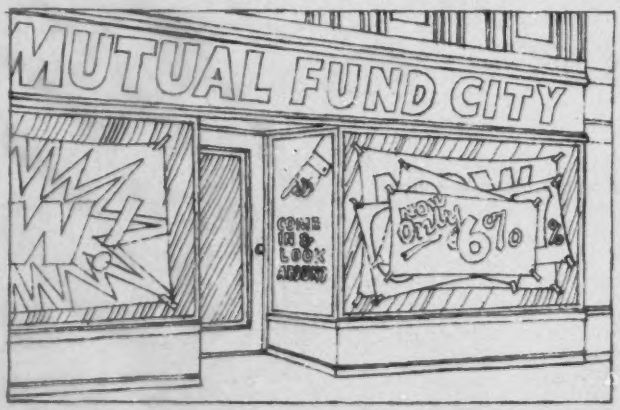
By Barbara Rudolph

REMEMBER MAY DAY? On Wall Street that means May 1, 1975, when the Securities & Exchange Commission abolished fixed commission rates. Lots of brokerage firms closed their doors, including some very big ones. Wall Street changed forever. It became a tougher place to do business, but the survivors ended up making more money than ever in spite of generally lower commission schedules.

If the SEC has its way, a similar transformation may well occur in the mutual fund industry. Today everyone who buys a load mutual fund pays a fixed commission charge. Usually it is 8.5% for all but the biggest customers. Typically, the broker pockets 85% or so of the sales charge, and the fund selling organization—usually a subsidiary of the fund management firm—gets the rest.

Now the SEC wants to allow funds to negotiate sales charges with prospective customers. The proposal has been under consideration since April. The deadline for comments, many of which have been opposed to the proposal, was Sept. 30, and a decision is likely later this year.

Most people hate change, and, needless to say, many fundmen are yelling wolf. They are afraid that the new rule will lead to commission-cutting without really boosting sales. As things now stand, mutual fund commissions are a lucrative source of income for securities salesmen, who have strong motives for pushing load funds—even though their customers would be better off in most cases with no-load funds. Not surprisingly, then, two-thirds of all the new money that gets funneled into mutual funds goes into the load-charging funds.



Faced with lower commission rates, brokers might simply turn their attention elsewhere. "Suppose a salesman spends hours in your living room, explaining how great our growth fund is," says one fund executive. "You thank him, say good-bye, price-shop around to several brokers and determine you're going to buy from a discounter. That's a lot of time down the drain. Pretty soon that guy is going to be selling oil deals or tax shelters instead of mutual funds."

Will the change be made? Probably. "There is simply a policy here against fixed prices," says a staff attorney for the SEC. Deregulation is a powerful rallying cry, and the fund managers know it.

If the SEC's efforts succeed, they should accelerate a trend that is already gaining momentum. Many load funds may simply become no-loads. Another recent SEC rule makes this more attractive than ever. The latest twist in no-load fund marketing—known technically as 12 B-1 status—allows managers to use a portion of fund assets for selling expenses (FORBES, *July 18*). When they move customers' money into these no-load funds, they receive a commission of roughly 4%. Not a full load, to be sure, but enough to keep some brokers happy—and actively hawking the product.

In the long run it is even possible that the load charges will disappear altogether. Would that be such a disaster? After all, the fund sponsors are amply—and so regularly—rewarded with the annual management fee. Why should the customer pay twice? ■

NOVEMBER 7, 1983 THREE DOLLARS

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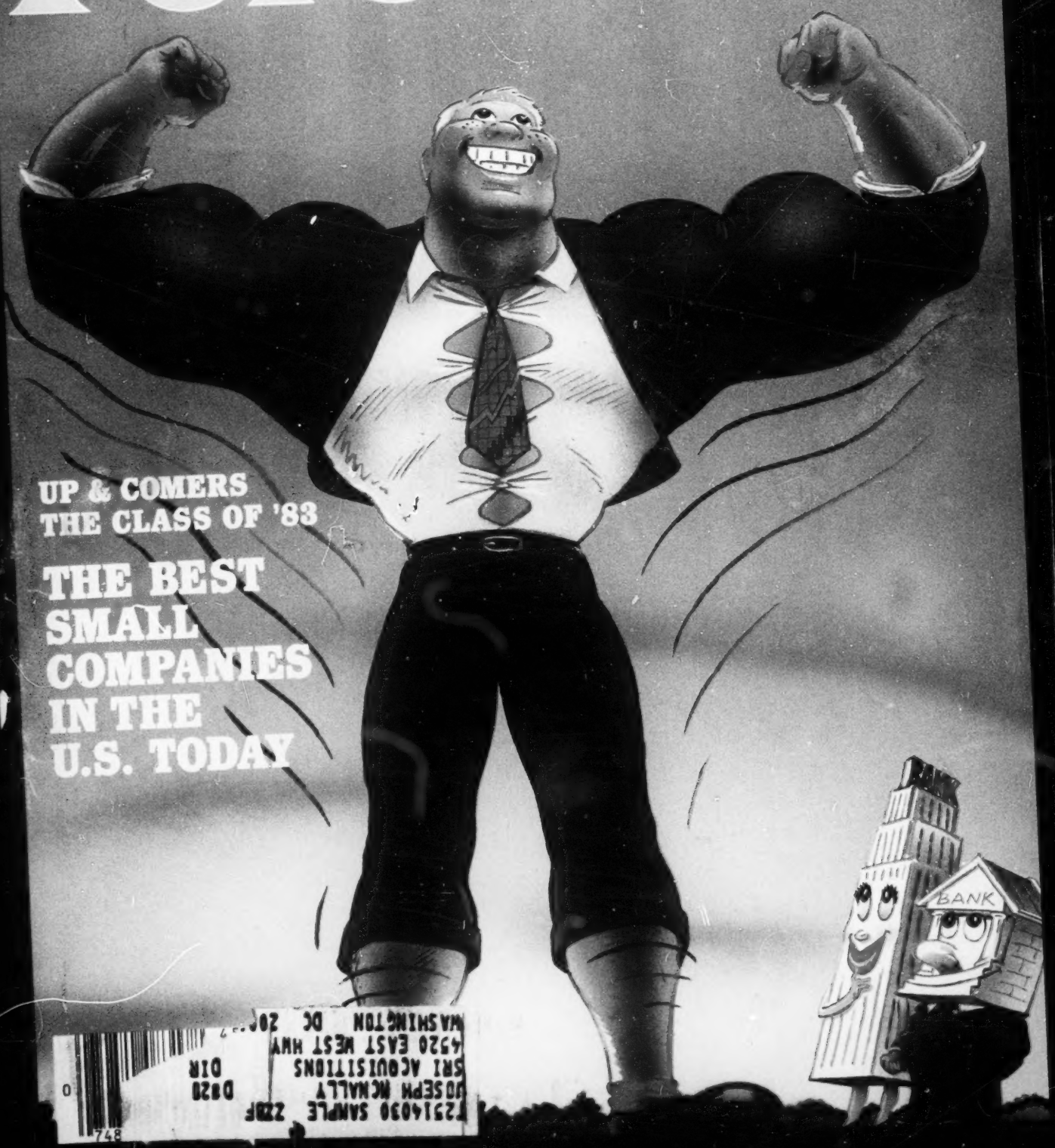
Forbes



UP & COMERS
THE CLASS OF '83

THE BEST SMALL COMPANIES IN THE U.S. TODAY

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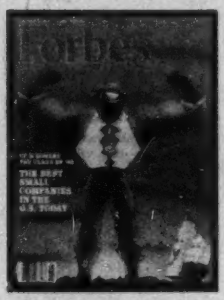
JOSEPH MCNALLY D82D
SRI ACQUISITIONS DIR
4720 EAST WEST HWY
WASHINGTON DC 20

November 7, 1983
Volume 132,
Number 11



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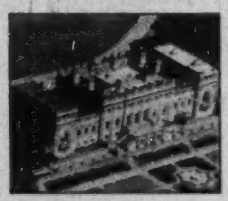

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Illustrations:
106, 166, 254, Chas. B. Slackman; 135, Nancy Lawton; 215, Ken Dewey; 242, Tim Lewis; 244, Peter Kuper; 251, Glen Dodds; 255, 264, Phil Huling; 292, Susan Gray

Cover Illustration: Robert Grossman

Forbes (ISSN 00156914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $36 a year. U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011. Copyright © 1983 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

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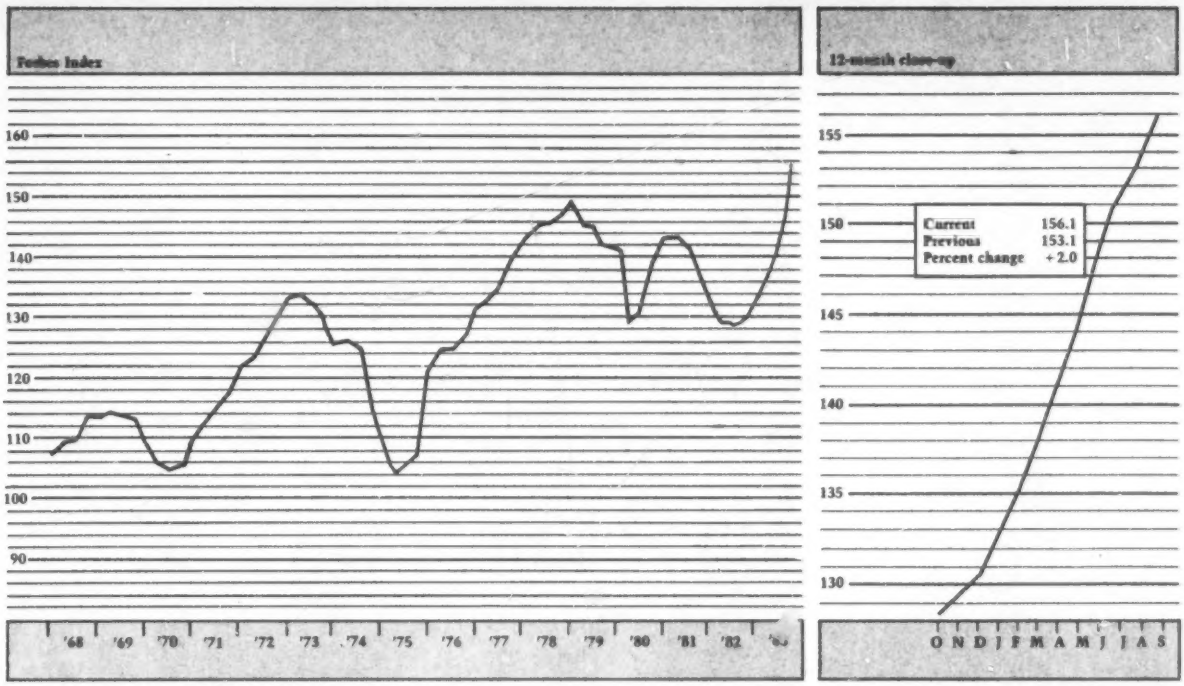
The Forbes Index



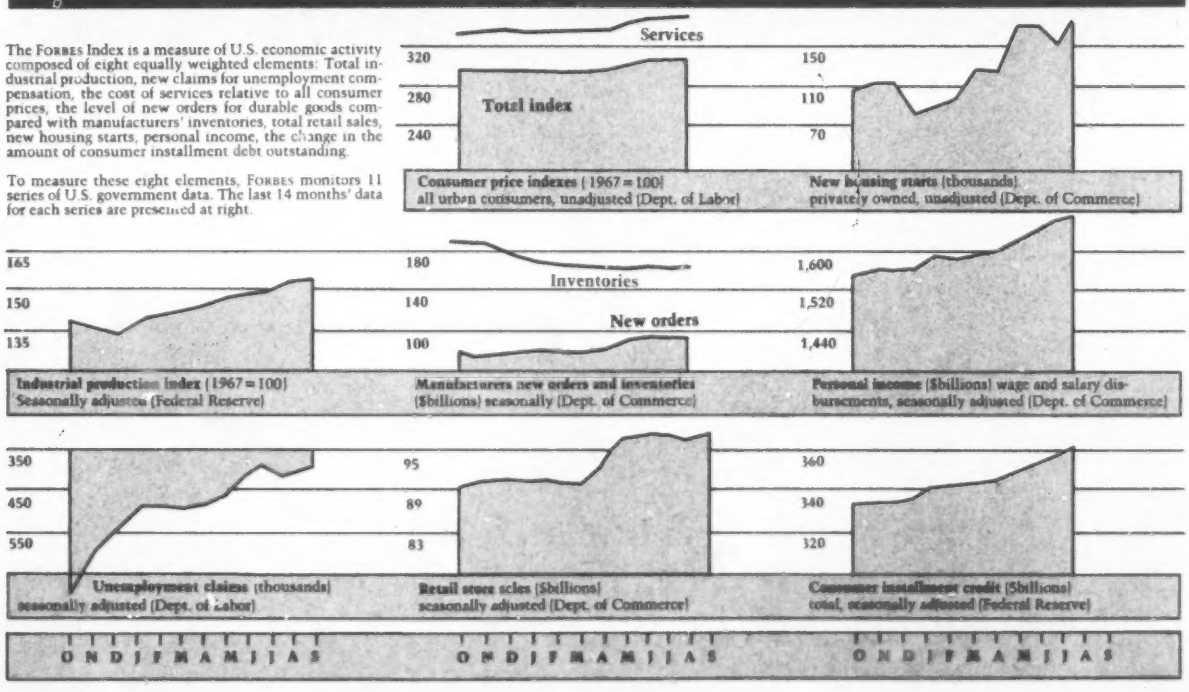
Stepping up the pace. After several weeks of narrowing percentage gains, the Forbes Index moved into high gear with a strong 2% gain for the latest reporting period. There was a minor, but disappointing, setback in retail sales in August, but consumers returned to their free-spending ways in September. Retail sales were up 1.6% from August and 10.7% higher than they were in the same period last year. Industrial production was up 1.5% in the latest month and is some 11.9% stronger than it was September 1982.

The final bit of good news is that more Americans are going back to work. New unemployment claims of 391,200 in September were 5.4% lower than August and some 280,600, or 41.7%, lower than September 1982.

The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



Dr. Robert Burnett (left), *Congressman Ron Wyden* (below)
Two totally different viewpoints.

quality of the product."

Negligence lawyers could have a field day. Lawyers contacted by FORBES believe that if insurers use the PPO mechanism to encourage patients to use certain physicians and hospitals, then the insurer has played a role in providing the health care—and therefore could be held liable in malpractice suits. Scary, that.

For this reason, and because PPOs are a new phenomenon, everyone is stepping gingerly. Employers may establish a dual system under which an employee can choose a contracting PPO or noncontracting hospital and doctor. If the patient chooses a PPO, almost 100% of the cost is reimbursed. Otherwise, the usual 80% is. So there is free choice but strong economic incentive to choose the PPO.

But whatever they are, PPOs do not put the government deeper into people's business. They are simply a sound proposal for bringing economic order. And they are an idea whose time has probably come. Congressman Ron Wyden (D–Ore.) recently introduced legislation that would strike state laws that restrict the development of PPOs. Not without reason does Wyden refer to his bill as "barrier-striking." ■

Insiders are taking companies private at a record rate, sometimes in self-defense, sometimes out of enlightened self-interest. But how are the outsiders coming out on the deal?

Private lives

By Richard Phalon

THANKS PARTLY to lower interest rates and liberalized tax rules, insiders are taking publicly owned companies private at a record pace *(see table, p. 42)*. Some of the shareholders who have been bought out are humming all the way to the bank. In exceptional situations like Coca-Cola Bottling Co. of Miami, for example, the bid was a whacking 6 times book value—the highest price at which the company has been quoted in at least the past ten years of its existence.

Unfortunately, however, that represents the exception, not the rule. Most shareholders are not so lucky. In many instances they are being taken out at premiums as thin as the layer of equity that is the norm in buyouts. Typically, such deals—they don't call them leveraged buyouts for nothing—are financed by big gobs of money that are borrowed against the company's assets.

The buyout price itself is becoming much more of a sticking spot. It could hardly be otherwise. The buyers, usually including some members of management, understandably want to pay as little as they can, while the selling stockholders understandably want to extract as much as they can before being pushed out the door.

Often there is enough give on both sides to produce what Michael Price, a vice president of the open-end, no-load Mutual Shares Corp., calls "fair value." Mutual Shares, which has popped up on the FORBES list of best-performing funds in each of the last eight years, specializes in undervalued situations. The "going private" boom has proved to be a bonanza for the fund. At the moment it has at least a half-dozen such deals in its portfolio. They include Kaiser Steel, Amstar, Wometco and North American Royalties, a Tennessee-based oil, gas and auto parts producer that is going private at $19 a share.

Mutual bought into North American at an average of $18 a share and did a lot of homework to make sure that it is getting the maximum return

on its investment. "We looked over everything—earnings projections for the next five years, the works, and $19 a share was the bottom line we came up with, too," says Price. "It's a decent deal."

The fact is, though, other minority shareholders don't agree. The result is that North American is being sued for still more money in what is very much a sign of the times. The rising curve of buyouts has bought a rising curve of litigation. Exact numbers are hard to come by, but Douglas Brown, vice president of Kidder, Peabody, thinks the conflict has escalated to the point "where typically there is a lawsuit 70% to 80% of the time."

Michael Price of Mutual Shares
"You get their attention by going into court."

Many of the suits are nuisance actions; a bit of price sweetening gets some of these out of the way. Others die of their own frailty. But some actions are in dead earnest. And they get results. The significantly higher premiums that can be exacted by solid, sophisticated institutional investors like Mutual Shares suggest that the "fair value" initially offered outside shareholders is not always quite so fair as insiders like to think.

"You can't get management's attention by getting on the telephone and telling them the offer is unfair," says Price. "The only way you can get their attention is by going into court." Over the last ten years Mutual (and/or associates) has done exactly that on a number of occasions. It succeeded in wringing out more money for all shareholders from the likes of Fred F. French Investing and Splentex, for example, on the ground that the initial take-it-or-leave-it offers were grossly unfair. In the case of Fred French, the offer doubled—from $75 to $150 a share.

Mutual's most recent victory—with a big assist from the SEC—came last month when Amdisco Corp., the former American Distilling Co., ponied up $30 a share as the price of privacy. Its original offer, all to be paid

Little Beirut

The National Press Club, a rich chunk of real estate located on F Street just a downwind rumor from the White House, has long been a Capital landmark. Journalists, though, rarely at a loss for the *mot juste*, now refer to the place as "Little Beirut." The 14-story building, which is home to the Washington bureaus of many of the nation's best-known publications (including FORBES), is in the throes of a $75 million renovation. There have been delays in the timetable, cost overruns amounting to more than 30%, and parts of the building are still a shambles. Hence the sobriquet.

The National Press Club

The "Little Beirut" label, though, goes beyond the club's brick and mortar problems to a sharp guerrilla action staged—and recently won—by an embattled minority. The minority, in this case, is a clutch of about 150 outside stockholders owning 21.5% of a club subsidiary (the National Press Building Corp.), which in turn owns the land and building. The club, which controls the balance of the stock, leases almost all of the 13th and 14th floors—some 34,000 square feet of space housing the bar, restaurant, conference rooms and office—mostly at the nominal rent of $1 a year. All but two of the subsidiary's directors are club members, officers or former officers.

The guerrilla action was opened by Tweedy, Browne Inc., a New York money manager that specializes in inactive, undervalued stocks (FORBES, *Mar. 2, 1981*). It holds 670 shares of the Press Club subsidiary. Its class action suit charged that the subsidiary's directors were running roughshod over the minority holders to the benefit of the club. The argument: The club's plans to greatly increase the space it occupied, expand a cocktail lounge facing the White House, and the addition of other grace notes would cut into the rent rolls at stockholders' expense. Further, added the Tweedy, Browne complaint, financing the renovation (sale and leaseback of the land and buildings) would not only cost the subsidiary its only assets but the right to a $15 million investment tax credit as well.

Tweedy, Browne's attorney William Klein II struck at a critical moment. The suit could have cost the club both its temporary and permanent financing and forced it into bankruptcy. William Hickman, president of the subsidiary, argues that a bigger, refurbished club is a draw that will help him rent more office space at higher rates. Nevertheless, after some tough negotiating, the club took the practical way out. It agreed to pay off the minority holders at $750 a share—$400 in cash up front, plus $350 in seven-year, 9% notes. Tweedy, Browne apparently bought much of its stock at around $21 a share. Like everyone else, the National Press Club has learned that privacy—like freedom—can be a hard-bought thing.—R.P.

with stockholders' own money, of course: $21.25 a share. Amdisco's liquidating value, mainly cash and securities: at least $31.50 a share.

Mutual's record suggests that "fair value" is an extremely elastic number. It's generally higher when big investors feel they are being shortchanged. And it's lower when a group of odd lotters is up against a management that thinks it holds all the cards. Lawsuits or appraisals—the investor's only trump—cost time and money.

Most major leveraged buyouts carry at least the illusion of protective machinery: coveys of independent directors who pass on the equity of the deal, while offering prices are checked and double checked by investment bankers who distill the magic number out of a blend of market value, book value, cash flow and such intangibles as the quality of management. This has been producing handsome fees for Wall Street. Merrill Lynch, for example, was paid $375,000 for its written opinion that the $27.50 a share Raymond International is offering its shareholders is "fair from a financial point of view." Kidder, Peabody, for a similar opinion, plus its advisory services in arranging the buyout, should end up with a total of $1.26 million. The bulk of Kidder's fee—more than $1 million—has been made contingent on the buyout's going through.

Can outsiders rely on the hope that an investment banker's assessment will always be "fair" and "independent"? Given the difficulties of picking a range of numbers out of a welter of assumptions—projections of cash flow, for example—the bankers argue that they do a good job. People on the other side of the bargaining table, of course, don't always share that conviction. Michael Price, for one, thinks the quality of the product is uneven. "If it's Goldman, Sachs," he says, "you know it's a fair opinion. With some other firms, it's not. They just don't do the homework."

Lawyers like William Klein II of Tenzer, Greenblatt, Fallon & Kaplan, who has specialized for 20 years in minority stockholder actions, argues that in many cases the investment bankers merely rubber stamp a price range the insiders have already decided on. Admittedly "a radical" on the subject, he contends that some "independent" directors then merely go on to bless a fait accompli. "It's a baptism," he says. "You don't go to church without the baby, and in this case the baby is the price."

If Klein sounds cynical, it's not without cause. Consider some recent cases in which even directors and management didn't have a solid hold on the values placed in their fiduciary hands. Kaiser Steel, for example, backed away from an offer of $54 a share from the San Francisco financier Stanley Hiller Jr., only to accept (under pressure from a competing bid by the ubiquitous Irwin Jacobs) a going-private bid of $22 a share in cash—layered with preferred stock—from Tulsa, Okla. investor J.A. Frates. And proof that a management-sanctioned leveraged buyout may not be the last word in value shows in the way HMW Industries, the old Hamilton Watch Co., proselytized for a $40 (and then $44) a share deal offered by Kohlberg, Kravis, Roberts, only to be overrun by a bid of $45 a share from Clabir Corp.

Probably the best things outside stockholders have going for them in getting fair value are competitive bidding and the dynamics of the marketplace. Many companies are going private precisely because they are undervalued and worried about the prospect of a hostile takeover. Dan River, for example, bought out its holders at $22.50 a share only because an opportunistic Carl Icahn was knocking on the door of the textilemaker with a threatening $18 a share.

The impetus behind most going-private deals, however, is not so much self-defense as enlightened self-interest. Management insiders who get a piece of the private action do take on some risk in the shape of all that borrowed money. If their cash flow projections fall apart, they may well wind up in the soup. Against that risk, though, must be weighed the prospective reward of cheap stock that down the road will multiply in value many times, either by merger or—ironically—by the company's going public all over again. It's the kind of game in which outsiders often can do well only if the company they keep includes hard-nosed fiduciaries like Mutual Shares. ■

Going private 1983

There were almost as many leveraged buyouts in the first nine months of this year as in all of last year—a record. While most of the 20 deals listed below were announced in a generally rising market, 4 out of 5 show a remarkably consistent pattern: prices that began moving up to the buyout price well in advance of the buyout announcement. Anticipatory insider buying? Not necessarily. Buyouts have become a big play on The Street and it doesn't take much more than a rumor to set off the speculators. Whatever the reasons for the early action, it's clear that really big premiums over the immediate buyout market are rare. Some 15 of the 20 went private at a premium over book value; but book often tends to be understated. Investors who buy late in the game are not getting much for their money.

Company/*business*	Book value	Proposed buyout price	Price just before announcement	Price 6 mos earlier	Buyout price approved by shareholders
Dan River/*textiles*	$31.33	$22.50	20⅛	12½	$ 22.50
Niagara Frontier/*supermkt svcs*	31.15	37.77	37½	24¼	37.77
Vaughan-Jacklin/*garden prods*	16.14	13.00	11⅜	12⅜	NA
Coca-Cola Bottling Co of Miami/*soft drink bottler*	16.59	102.00	91	41½	102.00
Tannetics/*cooling devices*	8.02	14.00	13	10⅜	NA
Cedar Point/*amusement parks*	17.58	40.00	39¼	23¼	40.00
Albany Intl/*papermaking fabrics*	27.73	40.00	34½	28¾	40.00
Bro-Dart Inds/*school products*	10.14	9.10	8⅝	7	9.10
Keller Inds/*windows, furniture*	20.78	24.25	23⅛	13⅜	24.25
North Am Royalties/*oil & gas*	11.84	19.00	14¼	11	NA
Kaiser Steel/*coal, steel prods*	35.20	44.50	35⅞	20¼	*
Raymond Intl/*engineering, constr*	25.00	27.50	26½	13⅛	NA
MacAndrews & Forbes Group/*confections, film processing*	6.98	58.00	56⅛	27⅞	NA
Universal Cigar/*tobacco*	13.87	13.00	13	14	NA
Wolverine Aluminum/*bldg matls*	15.18	20.00	15½	7½	NA
Cadence Inds/*publishing*	22.03	17.50	17	16½	NA
Cellu-Craft/*packaging matls*	2.57	9.00	8⅜	7½†	NA
Hyster Co/*construction equip*	50.14	63.00	51½	43	NA
HMW Inds/*artillery fuses*	11.50	40.00	38⅜	11¾	‡
Wometco Ent/*TV stations, bottling*	12.10	46.50	42⅞	32½	NA

NA: Not yet approved. *Final deal: $52 in cash and preferred; shareholder approval pending. †Adjusted for split. ‡Final deal: $45 a share; shareholder approval pending.

Sources: W.T. Grimm & Co. and FORBES.

It's easier to become an Up & Comer than to remain one. Here's how some companies manage to stay on top.

The Class of 1983

Breaking the barriers

By Paul B. Brown and Steve Kichen

ANYBODY CAN MAKE his first product a success," says Sirjang (Jugi) Tandon, president of California-based Tandon Corp. "That's what he knows. That's what got him into business. The real test is to go on from there."

Tandon itself has gone on from there. So much so that it has become FORBES' Up & Comer of the year *(see story, p. 214)*. But other small and promising companies have disappeared this year from the FORBES list of Up & Comers, a ranking of the best small publicly held companies in America. The lingering effects of the recession turned little weaknesses into big ones. Most of the companies that disappeared from the list did so because of their inability to maintain an average increase in earnings per share of 15% or more over five years. That is one of the stringent standards that must be met to qualify a company for the list.

What's an Up & Comer? It's a smallish company that FORBES thinks has an excellent chance of turning into a great company.

How do we pick them? By applying tough standards. These include:

An average return on equity of at least 15% over the past five years. This must be achieved with debt not exceeding equity—to eliminate highly leveraged, speculative businesses.

Sales not exceeding $250 million a year—beyond that we figure a company can no longer be considered a "comer"; it has already arrived.

Last year's list excluded companies with sales above $100 million. Increasing the limit has qualified only a few additional companies for this year's list of 277 companies, because of the demanding earnings criteria. Increasing the sales limit reflects the judgment that in today's corporate environment a company with sales under $250 million is still relatively small and still enjoys a large potential for growth, perhaps ultimately to join the FORBES list of the 500 largest American companies.

Dreyer's Chairman T. Gary Rogers **Sweet increases.**

Making the list is one thing. (The 143 newcomers to the listing are indicated with a bullet.) Staying there is another.

Tandon was exactly right when he stated that the problem was not in achieving success but in maintaining it. Jugi Tandon has done it through

Timeplex Chairman Edward Botwinick
Wanted bad: good managers.

innovation. He has stayed on the crest of the personal computer wave by adding better and cheaper disk drives to his successful product line.

T. Gary Rogers, chairman of Dreyer's Grand Ice Cream, has used a different approach—pricing. Rogers has counted on steady increases in the prices for his confections to finance expansion from his Oakland, Calif. base into 19 western and midwestern states. ("It is frightening to take this to its logical conclusion but, up until this point, a price hike has never hurt us and often sales have picked up as a result," says Rogers.) His ice cream sells at retail about 25% higher than the typical name brand sold in the supermarket.

Edward Botwinick, chairman of Timeplex, has given the matter of growth much thought. Along with more than 34% of this year's Up & Comers, Timeplex, in Woodcliff Lake, N.J., is engaged in advanced technology as a manufacturer of electronic data communications equipment for AT&T and others. Its sales have tripled in the past five years, to $37.8 million. Its earnings have increased by 25% a year during that time. Timeplex' greatest problem in keeping this growth going was to recruit enough good new people. "I knew we had to do something when I realized I was spending 80% of my time backstopping people who could not do their jobs adequately," Botwinick says. "Because of that, I couldn't do my job."

Having identified the problem, what did Botwinick do about it? He gave recruiting his main attention. Says he: "We have just put in another level of management and are adding new people.

"Making that decision was a bitch. We were a close family. Three or four years ago I knew everybody on a first-name basis. I played tennis and softball with them, we went drinking together. But a lot of the people I used to see socially are now three or four levels down from me. I don't see them month to month, let alone every week. The facts simply are that some of the people who helped us grow from $20 million toward $50 million are not adequate for future growth. They are marginally adequate now."

Botwinick hired several headhunters who will try to lure communications executives from companies that already have broken through the

Electro Rent Chairman Daniel Greenberg
Let McDonald's sell hamburgers.

growth barriers to attain sales of $200 to $400 million a year. As he said, that means a break with the past. It means hurting people who helped him build the company but are not adequate to the tasks at hand now.

Talks with chief executives of several dozen other Up & Comers on our list show certain commonsense themes that underlie their efforts to keep that growth from petering out. Among them:

● *Stick to what you know.* If you had gained your expertise at Digital, IBM or Honeywell, and your first product is a computer memory, your second product probably should not be a hamburger. Let McDonald's sell the hamburgers.

Electro Rent Corp., a Santa Monica, Calif. company that rents sophisticated electronic equipment to aerospace, electronics and defense companies, understands that well. Its sales have grown by more than 28% a year in the past five years. But the company faced a tremendous inventory problem. Its customers were reluctant to continue renting, say, a first-generation oscilloscope when the second generation became available. The older instrument, still not even fully depreciated, threatened to become an expensive relic. Solution?

M.D.C. President Michael A. Feiner
Faster than the big boys.

"We went into the used equipment business, and created a market out of whole cloth," says Chairman Daniel Greenberg. "The equipment we rent is not like cars, which wear out in three to four years. What we do at the end of the three to four years—the average rental life—is recalibrate and refurbish the equipment. We need service centers as part of our rental business anyway. We often offer warranties [on used equipment] that equal those of the manufacturers."

Electro Rent sells the used older equipment at as much as 50% discount from the current list price. His cost-conscious customers are those who don't require state-of-the-art gear. The result is that Greenberg has turned a potential liability into an asset. Used equipment sales have become the fastest-growing segment of Electro Rent's business. They now account for 25% of the com-

Spectrum Chairman Thomas L. Venable
Soup, crucible . . . bank.

pany's sales.

● *Don't reinvent the wheel.* The world probably doesn't need another personal computer, for example. However, the proliferation of computers, word processors, video games and other such products has created a great deal of electronic background noise—and $16 million a year in sales for Spectrum Control, Inc., Erie, Penna. "All we are doing," says Spectrum's Chairman Thomas L. Venable, "is matching up with what our industrial society needs." The need is growing. Last month the Federal Communications Commission ruled that machines using microprocessors must meet an emission standard for radio frequency energy. In addition to building filters to control those emissions, Spectrum also performs emission tests for companies that use microprocessors.

● *Remain flexible.* The only constant is change, an axiom often uttered by the chief executives of Up & Comers. One of the few advantages in corporate smallness, but a real one, is the ability to respond faster than large competitors. That, says Michael A. Feiner, president of M.D.C. Corp., a real estate developer and builder in the Denver metropolitan area, is partly why his company continued to make money during years when the real estate industry was squeezed by high mortgage interest rates.

"We respond to changes very quickly," Feiner says. "So even though housing starts in the Denver area fell last year to around 13,000, compared with a high of 42,000 in 1972, we did well because we noticed there were two areas that were relatively unaffected—the starter-home market and semi-custom-built homes in the $150,000-to-$250,000 range bought by executives transferred into the area. So that is what we concentrated on. We stayed out of the middle of the market, where historically the greatest number of sales take place."

M.D.C. also took advantage of retrenchment by others. "When things are going well, you can't expand into another guy's market," Feiner says. "He'll cut your pants off. But we figure that we could take advantage of the fact that 25% of our competition withdrew in 1981 and 1982. We sold $10 million of debentures and we then had enough capital to tie up land for 10,000 units. As things have gotten better, we are selling some of that land to other builders at a significant profit."

Such rules may sound simple, but following them successfully isn't. It's the execution that counts. That's why out of approximately 3,000 publicly held companies with sales under $250 million, only 9% managed to become Up & Comers this year. ■

Good-bye to some good buys

If you study the FORBES list of Up & Comers looking for stocks to buy, you probably aren't alone. Of the 293 companies on last year's list, 12 have since been acquired by other firms. And 4 Up & Comers on this year's list are already in various stages of acquisition. They are:

● *Depositors Corp.*, Augusta, Me. Maine's largest bank holding company has agreed to be acquired by Key Banks Inc. of Albany, N.Y. for about $31 a share. When the deal was announced, Depositors stock was trading in the low 20s. Depositors Chairman Wallace M. Haselton says the growth in interstate banking made the merger attractive. "I think we would have been able to survive and compete without the merger, but I don't think our shareholders or depositors would have fared as well," he says. Final regulatory approval is expected by January.

● *Instacom, Inc.*, Dallas, Tex. The company, which provides financial services for the trucking industry and check-verification services for retailers, has agreed to sell out to Comdata Network, Nashville, which is in similar businesses. The deal, which has been approved by both boards and is awaiting shareholder approval, calls for shareholders of Instacom to receive 0.7 of a share of Comdata stock for each share of Instacom they own. Says Instacom Chairman William C. Kennedy Jr.: "We had talked about merging from time to time. But only recently it occurred to us that we were expanding into complementary lines, and it didn't make much sense for us to try to do that and fight one another as well."

When the merger was announced early this summer, Instacom stock was trading at about $15 a share. At recent prices that would be exchanged for approximately $21 worth of Comdata stock.

● *Godfather's Pizza, Inc.*, Omaha, Neb. The company, which operates a chain of franchised pizza restaurants in 42 states, has agreed to be acquired by Chart House Inc. Chart House, of Lafayette, La., operates steakhouses and Mexican restaurants and more Burger King franchises than anyone else. The agreement, subject to approval by both boards, calls for Godfather's shareholders to receive 0.57 of a share of Chart House stock for each share of Godfather's stock. At recent prices it is almost an even swap. Godfather's Chairman William M. Theisen will become the single largest Chart House shareholder, with 23% of the stock. "The combined companies will help Godfather's expand its menus and give us the strength to resist any downturns," says Theisen.

● *Cellu-Craft Inc.*, New Hyde Park, N.Y. The company's board of directors has given preliminary approval for the manufacturer of flexible packaging for the food and soft drink industries to be acquired by a private group of investors for $9 a share. The investor group includes Chairman Selig S. Burrows and President William L. Westerman, among others.

An acquisition that was called off involved *Aeroflex Laboratories Inc.*, a Plainview, N.Y. electronics manufacturer, and *Superior Manufacturing & Instrument Corp.*, a Long Island City, N.Y. electronics and automotive replacement parts company. Aeroflex offered $15 million in stock for Superior, but, says Aeroflex Chairman Julius D. Winer, "We just couldn't get all the details to work."

The following companies on the 1982 list of Up & Comers have disappeared from the 1983 list because of acquisition or merger: BalCo Energy, which merged into Forge Energy; Bank of Commerce, acquired by Norstar; Breeze Corp., acquired by TransTechnology Corp.; Brennand-Paige Industries, now part of Thackery Corp.; Cado Systems, acquired by Continental Telecom; Chem-Nuclear Systems, merged into WMI Holdings; Federated Investors, taken over by Aetna Life & Casualty; Glassrock Medical Services, bought by BOC Group; Narda Microwave, taken over by Loral; New Orleans Bancshares, taken over by First Commerce Corp.; Radiofone, acquired by Metromedia; and Wham-O Manufacturing, acquired by Kransco.—P.E.B.

Up & Comers/The Class of '83

Here are the 277 best small publicly held companies traded in the U.S., ranked by average return on equity. Another table, beginning on page 198, lists the Up & Comers alphabetically and shows their relative positions by sales, net profits, market value and five-year average return on equity.

	Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Sales* (mils)	Profits* (mils)	Book value per share	Long-term debt/ equity	Price recent	Price % change 1983	Latest 12 months EPS	Latest 12 months P/E
	GTS Corp *oilfield services*	547.4%	7.8%	15%	$ 8.4	$ 0.5	$ 2.03	33%	10⅞	257%	$0.16	68.0
•	**Oak Hill Sportswear** *apparel*	141.5	21.2	113	76.4	2.9	3.85	18	7	93	0.82	8.5
•	**Coeur d'Alene Mines** *silver & copper mining*	131.5	16.5	59	8.3	1.7	3.02	7	19	7	0.50	38.0
	Key Pharmaceuticals *ethical drugs*	100.3	36.8	85	82.3	12.3	1.63	2	31¼	0	0.60	52.1
•	**Williams Electronics** *coin-operated games*	90.7	28.4	86	129.2	15.9	5.97	77	11	–1	1.70	6.5
	Pioneer Group *finance*	89.2	39.1	34	15.0	4.0	6.49	0	50	35	2.54	19.7
	Continuum *computer software*	84.3	11.2	15	20.2	0.5	5.24	1	20	–1	0.59	33.9
	Sage Energy *oil, gas expl, dev, drill*	79.3	26.3	46	80.3	18.9	5.81	41	15½	100	1.53	10.1
	WD-40 Co *lubricants*	62.5	37.2	16	50.1	8.0	2.87	0	19¾	4	1.07	18.5
•	**General Physics** *training svcs for utilities*	61.4	21.3	44	31.4	3.2	3.38	0	8½	0	0.72	11.8
•	**Reeves Communications** *communications*	60.4	10.4	54	213.8	7.7	5.96	71	11½	–34	0.62	18.5
	Alpha Microsystems *computer equipment*	59.3	16.4	37	29.2	1.7	6.26	0	15	21	1.03	14.6
	Initio *mail-order sales*	59.1	22.0	45	23.1	1.5	2.09	5	6⅞	73	0.46	14.9
•	**Campbell Red Lake** *gold mining*	56.2	28.0	18	81.8	29.1	2.78	6	24¼	–13	0.78	31.1
	CACI Inc (Unit) *technical consulting*	52.3	25.9	49	114.3	3.7	1.54	1	10	–32	0.40	25.0
•	**DCNY Corp** *finance*	52.1	26.8	41	194.0	25.6	31.93	0	41	13	8.57	4.8
	McRae Inds *footwear*	49.4	9.7	21	12.4	1.5	2.26	9	5½	–3	0.22	25.0
	Georgia Bonded Fibers *fibers*	49.1	29.1	23	27.6	1.3	2.79	34	6½	–7	1.01	6.4
	Nature's Sunshine Prods *food processing*	48.6	29.1	43	25.4	1.1	2.88	23	10¾	65	1.01	10.6
	Silicon General *electronics*	48.6	24.6	15	29.3	4.4	1.54	13	13½	116	0.38	35.5
•	**National Education** *vocational training*	48.3	24.2	18	134.9	5.5	5.33	46	30⅞	145	1.29	23.9
	Bolar Pharmaceutical *ethical drugs*	48.3	24.1	27	18.8	3.6	4.14	0	28⅝	–9	1.00	28.6
	Dranetz Technologies *precision instruments*	47.3	23.1	15	18.5	2.1	2.47	0	17	115	0.57	29.7
	Comprehensive Care *health care services*	46.5	12.8	32	86.1	10.8	8.40	8	23¾	26	1.08	22.0
•	**Electrospace Systems** *electronics*	46.1	31.2	35	62.1	6.2	2.50	8	30¾	75	0.78	39.4
	Windmere Corp *personal care prods*	45.5	21.3	15	61.3	5.6	3.46	2	11½	67	0.74	15.5
•	**La Land Offshore Expl** *oil & gas*	45.2	15.6	19	58.3	11.8	4.35	77	10¼	34	0.68	15.1
	C-COR Electronics *electronics*	43.9	32.7	107	24.8	3.4	3.21	7	14½	–27	1.05	13.8

•New addition to 1983 Up & Comers list. *Latest fiscal year.

Sources: Standard & Poor's, William O'Neil & Co., FORBES

Up & Comers/The Class of '83

	Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Sales* (mils)	Profits* (mils)	Book value per share	Long-term debt/ equity	Price recent	Price % change 1983	Latest 12 months EPS	Latest 12 months P/E
	Dreyer's Grand Ice Cream *food processing*	43.7%	39.6%	64%	$ 55.8	$ 4.4	$ 1.69	32%	24	32%	$0.67	35.8
	Mylan Laboratories *drugs*	43.6	26.3	32	31.8	3.4	2.62	13	16¾	86	0.69	24.3
	Designcraft Inds *jewelry manufacturing*	43.2	8.9	40	19.3	0.4	4.12	16	10⅝	212	0.37	28.7
•	**Oregon Metallurgical** *titanium & other alloys*	43.2	0.8	17	43.9	6.5	5.66	0	12	–14	0.05	NM
	Amfesco Indus *footwear*	42.2	30.8	136	74.5	9.4	7.74	3	20⅛	45	2.39	8.4
•	**International Controls** *electronics*	41.9	16.9	25	138.2	9.0	11.22	35	16	10	1.90	8.4
	Andersen 2000 *pollution-control equip*	41.8	17.2	39	6.6	1.0	1.97	0	9½	31	0.34	27.9
	CyCare Systems *medical computer svcs*	41.7	7.0	30	23.4	1.2	11.90	2	20½	41	0.84	24.4
•	**Thousand Trails** *campgrounds*	41.6	27.8	25	63.4	7.8	5.63	96	29	117	1.57	18.5
	Baruch-Foster *oil & gas development*	41.2	17.7	36	10.9	2.3	4.90	42	14	80	0.87	16.1
	Floating Point Systems *computer equipment*	40.9	17.0	36	86.5	11.6	7.75	4	35⅛	34	1.32	26.6
•	**Wells-Gardner Electronics** *electronics*	40.9	11.4	118	75.4	5.4	4.45	0	6⅞	–15	0.51	13.5
	Thompson Medical *proprietary drugs*	40.8	27.7	37	90.9	11.6	5.04	0	24⅞	161	1.40	17.8
	Medex *health care supplies*	40.7	30.0	49	11.0	1.3	1.33	36	11¼	46	0.40	29.4
	Impell *engineering svcs*	40.4	18.9	26	84.9	11.8	11.00	0	24½	–5	2.08	11.8
	International Game Technology *coin-operated games*	40.3	9.2	48	62.2	7.2	5.95	5	13⅛	24	0.55	23.9
	SafeCard Services *credit-card loss service*	39.6	24.3	36	43.3	5.8	3.12	0	15	15	0.76	19.7
	Sensormatic Electronics *electronic theft control*	39.5	19.0	39	86.0	22.9	4.87	44	34¼	18	0.93	36.8
•	**Forest Labs** *ethical drugs*	39.2	18.1	86	18.5	2.5	2.64	13	35	75	0.48	72.9
	Genisco Technology *electronics*	38.5	8.0	25	29.2	1.5	5.94	10	8⅞	–25	0.48	18.5
	Analogic Corp *computer equipment*	38.3	19.4	28	105.9	11.8	4.16	15	23¾	18	0.81	29.3
	Adage *computer equipment*	37.9	11.9	38	35.7	3.1	7.10	4	23¼	17	0.85	27.4
	Intelligent Systems *computer equipment*	37.2	24.1	38	34.6	4.1	2.07	0	15⅝	8	0.50	31.3
	Cullinet Software *computer software*	36.7	20.6	46	78.5	11.6	4.27	0	45	95	0.88	51.1
	Base Ten Systems *electronics*	36.2	14.3	32	17.6	2.1	3.34	59	13½	22	0.48	28.1
•	**Pic'n'Save** *retail*	36.0	28.1	35	177.7	27.0	7.07	1	44	13	1.99	22.1
•	**Auxton Computer Enterprises** *computer services*	35.7	27.2	18	12.5	0.8	0.88	1	14¾	15	0.24	61.5
	Newport Corp *industrial, lab equipment*	35.6	13.0	60	20.7	4.8	6.42	0	31½	39	0.84	37.5
	Pansophic Systems *computer software*	35.4	23.7	31	43.0	5.8	3.50	2	25½	47	0.83	30.7
	Quotron Systems *financial info services*	34.8	16.0	28	120.9	17.0	3.68	0	19⅜	14	0.59	32.8
•	**Community Psych Centers** *health care services*	34.8	21.8	30	116.9	18.2	6.14	19	38½	59	1.34	28.7

•New addition to 1983 Up & Comers list. *Latest fiscal year. NM: Not meaningful.

Sources: Standard & Poor's, William O'Neil & Co., FORBES

Up & Comers/The Class of '83

	Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Sales* (mils)	Profits* (mils)	Book value per share	Long-term debt/ equity	Price recent	Price % change 1983	Latest 12 months EPS	Latest 12 months P/E
	Comdata Network *financial services*	34.8%	16.6%	41%	$ 26.4	$ 5.7	$ 2.64	0%	31⅛	96%	$0.44	71.0
	Amer Income Life Ins *insurance*	34.7	19.3	22	106.0	18.2	7.77	0	14	21	1.50	9.3
	Telecom Plus Intl *telephone equipment*	34.6	7.5	55	65.2	4.8	5.55	4	11⅛	–2	0.42	26.5
•	**Harper Group** *freight forwarding*	34.3	15.5	15	172.9	9.8	12.09	0	29¼	–1	1.88	15.6
•	**Jackson National Life** *insurance*	34.2	20.9	50	243.6	11.3	10.20	8	31¼	14	2.14	14.6
	New England Business Svc *office supplies*	33.6	26.0	15	103.1	9.5	8.80	35	53½	38	2.29	23.4
•	**Charming Shoppes** *retail*	33.3	24.3	15	174.2	12.1	4.31	9	24½	73	1.05	23.3
•	**CPT Corp** *word processing equipment*	33.0	16.7	43	145.0	15.9	6.28	45	16	–10	1.05	15.2
	Dynatech Corp *health care products*	32.8	24.2	17	99.1	7.4	5.98	38	29	19	1.45	20.0
	Instacom *financial services*	32.1	14.9	41	15.3	2.7	4.01	7	21⅛	52	0.60	35.2
•	**Pall Corp** *filters*	32.0	23.8	19	214.7	27.8	6.49	13	37	2	1.55	23.9
•	**Shared Medical Sys** *hospital computer svcs*	31.9	26.7	23	165.7	21.4	3.70	12	41½	51	0.99	41.9
	Flightsafety Intl *air & marine training*	31.8	22.7	27	76.4	21.4	6.51	27	27⅞	2	1.48	18.8
•	**TIE/communications** *telephone systems*	31.6	13.0	65	171.5	14.9	5.98	17	37½	97	0.78	48.1
	Evans & Sutherland *computer equipment*	31.2	18.2	36	53.7	9.8	6.14	2	42	0	1.12	37.5
•	**Molex** *electronics*	30.6	18.4	18	175.9	22.0	12.04	4	70½	62	2.22	31.8
	AFA Protective Sys *protective alarm svcs*	30.3	34.9	50	17.4	1.5	13.26	1	39	20	4.63	8.4
•	**Luby's Cafeterias** *restaurants*	30.1	19.6	19	129.2	11.6	7.52	8	33½	15	1.48	22.6
	Cellu-Craft *packaging*	30.0	25.5	22	46.4	2.4	2.58	10	8¼	80	0.66	12.5
•	**Frequency Electronics** *electronics*	29.9	10.8	113	17.1	3.0	9.61	13	32⅜	–10	1.04	31.1
	Scientific Software *software for energy ind*	29.9	5.6	25	17.4	1.9	10.58	22	17	41	0.60	28.3
	Pacific Scientific *aerospace*	29.8	23.8	21	83.2	9.2	8.18	71	23⅛	20	1.95	11.9
	Lynden *trucking*	29.7	20.3	65	107.4	6.2	21.54	44	27½	35	4.38	6.3
	Southwestern Energy *gas utility*	29.5	23.9	16	52.7	13.0	6.48	56	19¾	50	1.55	12.7
	Petrol Inds *oil & gas*	29.3	21.6	65	2.5	0.6	1.48	3	5¼	–23	0.32	18.0
	Avantek *electronics*	29.0	12.9	28	100.3	11.2	4.62	2	25½	20	0.60	42.5
	Mentor *medical research*	28.9	10.2	54	6.1	0.7	1.66	4	15½	113	0.17	NM
	Tony Lama *footwear*	28.9	9.2	15	86.3	4.7	16.62	15	15¼	–27	1.53	10.0
	Tellabs *telecomm equipment*	28.7	15.0	27	57.2	7.1	4.92	6	28	124	0.74	37.8
	Spectrum Control *electronic pollution control*	28.7	14.8	20	16.0	1.7	2.43	46	11⅛	23	0.36	30.9
•	**AGS Computers** *computer services*	28.6	37.9	53	65.0	2.5	2.24	13	24½	58	0.85	28.8
•	**Network Systems** *computer equipment*	28.4	9.6	74	28.4	5.6	3.61	0	22⅞	32	0.35	65.4

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Up & Comers/The Class of '83

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Spectradyne *closed-circuit TV*	28.3%	16.0%	18%	$ 22.9	$ 2.7	$ 5.91	0%	21	71%	$0.95	22.1
• **Unifi** *textiles*	28.2	14.5	51	176.0	8.3	9.26	35	21	159	1.35	15.6
• **NBI** *word processing equipment*	28.2	5.4	108	120.9	4.6	8.20	54	26¼	–29	0.45	58.3
Management Science of Am *computer software*	28.2	17.5	43	92.6	9.0	3.53	1	32¼	67	0.62	52.0
Intergraph *computer equipment*	28.1	14.8	56	155.6	13.0	5.59	5	42½	78	0.83	51.2
• **Shop & Go** *convenience stores*	28.0	20.0	16	201.9	6.4	4.95	17	10¾	26	0.99	10.9
• **Liz Claiborne** *apparel*	28.0	33.6	62	165.7	14.1	4.81	0	35½	90	1.62	21.9
• **Sage Labs** *electronics*	27.7	21.0	30	3.8	0.5	5.61	7	13¾	25	1.18	11.7
Postal Instant Press *printing*	27.6	21.6	25	15.9	3.5	3.93	3	16¾	101	0.85	19.7
Chyron Corp *computer graphics*	27.5	22.0	112	16.9	4.3	4.76	0	23	22	1.05	21.9
TSI Inc *precision instruments*	27.3	16.6	20	15.3	1.7	3.91	27	20	73	0.65	30.8
• **Apogee Enterprises** *building supplies*	27.3	18.0	21	167.5	7.7	5.16	15	13⅜	–20	0.93	14.4
• **Bolt Technology** *oilfield equipment*	27.1	16.0	65	16.1	3.6	6.42	0	21¼	30	1.03	20.6
• **Aydin Corp** *electronics*	26.9	24.7	34	124.3	10.3	11.28	10	43¼	14	2.79	15.5
• **Cray Research** *supercomputers*	26.8	11.6	38	141.1	19.0	10.26	22	50½	30	1.20	42.1
• **Ranger Oil Ltd** *oil & gas expl, dev*	26.7	29.4	97	177.6	28.2	2.48	10	10¼	74	0.73	14.0
• **Family Dollar Stores** *retail*	26.6	21.9	15	207.4	10.7	3.41	0	22⅝	92	0.75	30.2
• **TransTechnology** *aerospace*	26.2	19.5	30	71.6	5.8	9.70	41	18	16	1.90	9.5
• **CERBERONICS** *engineering & tech svcs*	26.1	45.0	48	32.2	1.3	2.60	0	14¼	0	1.17	12.2
Academy Insurance Group *insurance*	26.1	24.9	121	71.3	9.7	3.67	10	16	56	0.92	17.4
• **Bowne & Co** *financial printing*	26.0	15.1	20	106.2	12.4	8.65	1	17⅜	10	1.31	13.3
SFE Technologies *electronics*	26.0	10.8	40	49.3	3.9	5.55	27	19¾	42	0.60	32.9
Aeroflex Labs *electronics*	25.9	18.6	46	33.8	3.9	5.36	10	17⅜	13	1.00	17.4
Bluewater Oil & Gas *oil & gas expl, prod*	25.8	19.5	28	3.9	1.4	1.79	0	4¼	58	0.34	11.0
• **General Housewares** *housewares*	25.7	15.8	22	74.3	3.7	11.43	35	18	–2	1.81	9.9
Adams-Russell *electronics, CATV*	25.7	14.5	24	71.8	6.0	7.10	84	24⅜	21	1.03	23.9
• **IRT Corp** *engineering & tech svcs*	25.7	15.8	86	13.4	0.5	2.15	53	9½	153	0.34	27.9
First Amer Bk & Tr *banking*	25.7	17.7	22	54.7	5.9	5.41	28	9⅛	33	0.96	10.3
United Medical *health care services*	25.6	15.8	38	8.5	1.4	4.28	3	16½	100	0.68	24.3
Whitehall Corp *electronics*	25.5	32.0	60	63.0	8.8	8.84	2	54¼	75	2.83	19.2
• **Reflectone** *flight simulators, aerospace*	25.5	23.3	25	28.2	3.4	11.54	72	15¼	8	2.70	5.8

•New addition to 1983 Up & Comers list. *Latest fiscal year.

Sources: Standard & Poor's, William O'Neil & Co., FORBES.

Up & Comers/The Class of '83

	Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Sales* (mils)	Profits* (mils)	Book value per share	Long-term debt/ equity	Price recent	Price % change 1983	Latest 12 months EPS	Latest 12 months P/E
	CutCo Inds *beauty salons*	25.4%	16.0%	21%	$ 13.6	$ 1.0	$ 4.11	0%	11¼	76%	$ 0.66	17.0
	Magnetic Controls *telecomm equipment*	25.3	11.7	17	81.6	4.5	6.79	16	13⅜	14	0.80	17.2
	SEI Corp *bank computer services*	25.3	14.4	29	39.7	3.7	5.53	12	32	64	0.80	40.0
•	**John H Harland** *financial printing*	25.3	22.5	21	160.2	17.1	9.96	0	38⅜	3	2.25	17.1
•	**Intl Clinical Labs** *health care services*	25.2	28.3	36	52.4	2.9	2.89	61	25½	21	0.82	31.1
	Communications Inds *electronics*	25.2	17.1	20	61.4	9.0	6.35	3	22¼	–29	1.09	20.9
•	**Atwood Oceanics** *offshore drilling*	25.0	26.2	201	87.9	24.3	26.11	20	21½	2	6.86	3.1
	Pandick Press *financial printing*	24.9	19.6	36	90.5	6.1	8.77	18	33¼	37	1.72	19.6
	Trion Inc *electronic air cleaners*	24.9	21.7	21	18.4	1.5	2.44	6	11½	76	0.53	21.7
	Elscint Ltd *precis & med instruments*	24.6	20.4	71	110.3	15.0	5.28	24	17⅜	–26	1.08	16.4
•	**O'Sullivan Corp** *footwear parts*	24.4	20.2	15	71.5	5.9	8.80	0	33	92	1.78	18.5
•	**Natl Technical Sys** *vocational training*	24.4	18.9	38	23.1	1.2	4.59	18	7¼	0	0.87	8.3
	Xidex *duplicate microfilm*	24.4	19.9	29	104.2	13.1	3.51	47	23¼	109	0.70	33.2
	Professional Care Svcs *health care svcs*	24.4	34.9	115	6.8	0.6	1.03	77	12¼	27	0.36	34.0
•	**Air Cargo Equipment** *aerospace*	24.4	10.5	53	3.3	0.3	2.84	35	5	38	0.30	16.7
•	**Matrix Corp** *health care equip*	24.3	12.6	97	40.4	3.9	5.39	17	29⅛	48	0.68	43.2
•	**Flower Time** *retail garden centers*	24.2	7.6	83	25.8	0.9	3.78	27	9⅝	–1	0.29	33.2
•	**Teleflex Inc** *mech remote controls*	24.1	20.8	25	111.6	8.0	8.58	29	30½	2	1.79	17.0
	Astrosystems *computer equipment*	23.8	13.9	22	9.2	2.6	3.95	0	8⅛	–22	0.55	15.2
	Alpha Industries *electronics*	23.8	10.9	17	52.2	5.2	6.64	9	21	19	0.73	28.8
	Woods Petroleum *oil & gas expl, prod*	23.7	15.2	15	83.3	23.0	10.57	15	22⅞	4	1.61	14.2
	Lundy Electronics & Sys *computer equipment*	23.6	8.3	18	34.5	1.5	9.72	23	13¼	20	0.81	17.0
•	**Liebert Corp** *computer equipment*	23.6	14.3	42	147.0	8.9	5.22	15	18¼	–20	0.75	24.3
•	**Canadian Marconi** *electronics, telecomm*	23.5	24.6	26	155.1	18.0	3.40	6	21⅜	114	0.84	25.8
	New Yorker Magazine *publishing*	23.5	20.9	16	69.1	4.8	29.87	0	124	39	6.27	19.8
	ACMAT *construction*	23.4	37.1	54	18.9	1.0	3.55	13	13¼	65	1.32	10.0
	Computer Products *electronics*	23.4	13.8	15	38.0	3.1	4.05	10	18⅜	58	0.56	33.3
	Advanced Systems *training materials*	23.4	34.2	25	31.8	3.2	2.63	10	17⅜	40	0.90	19.7
•	**Wackenhut** *industrial svcs*	23.4	23.8	17	228.3	5.8	6.55	15	23¼	–9	1.56	14.9
	Aero Systems *aerospace*	23.3	21.9	21	26.9	1.9	1.05	23	4½	–23	0.23	19.6
•	**Informatics General** *computer services*	23.2	10.6	27	170.1	5.5	13.92	1	26¼	26	1.48	17.7

•New addition to 1985 Up & Comers list. *Latest fiscal year

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Up & Comers/The Class of '83

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• **Cameo, Inc** *oilfield equipment*	23.0%	20.3%	37%	$184.4	$18.0	$11.09	29%	15⅞	13%	$2.26	7.0
Hunt Mfg *office supplies*	23.0	22.7	16	77.5	4.9	5.59	24	19⅝	40	1.27	15.5
• **Conwood Corp** *tobacco prods*	22.9	20.7	18	183.5	20.3	9.33	5	24⅜	27	1.94	12.8
• **Safety-Kleen** *Industrial svcs*	22.9	22.9	24	149.2	13.0	6.85	13	32½	18	1.57	20.7
Ohio-Sealy Mattress *mattresses, box springs*	22.9	19.5	21	67.3	5.2	3.98	23	17⅜	146	0.78	22.3
• **Paradyne** *telecomm equip, svcs*	22.8	9.6	49	207.3	26.9	9.03	8	18	–28	0.87	20.7
Radiation Systems *antennas*	22.8	17.3	33	22.2	3.5	4.60	10	26½	59	0.80	33.1
Photronics Corp *mechanical equip*	22.8	16.8	38	4.9	0.6	2.50	94	11¼	55	0.42	26.8
• **National Data** *computer svcs*	22.6	17.7	25	119.9	10.9	5.34	7	17	–25	0.95	17.9
McFarland Energy *oil & gas expl, prods*	22.5	14.1	16	16.1	3.7	6.16	0	14	55	0.87	16.1
• **Unitrode Corp** *semiconductors*	22.5	17.1	17	120.0	12.9	6.59	17	32¾	58	1.13	29.0
• **Nuclear Metals** *metal fabricating*	22.4	16.1	18	48.5	3.9	12.36	24	28½	0	2.00	14.3
Turner Construction *construction*	22.4	23.3	28	57.8	10.7	24.19	41	37¼	21	5.65	6.6
• **Tultex** *apparel*	22.3	23.5	21	231.7	12.6	7.26	63	15½	34	1.71	9.1
C3 *computer equip, software*	22.3	17.9	37	58.5	8.9	5.97	1	17	19	1.07	15.9
• **California Microwave** *telecomm equip*	22.3	17.4	15	101.2	5.4	3.73	8	19⅛	25	0.65	29.4
Printronix *microcomputer printers*	22.3	12.9	17	78.1	6.1	11.42	7	25½	–3	1.48	17.2
Vulcan Corp *footwear parts*	22.2	18.5	15	35.0	3.6	13.87	8	15¾	51	2.57	6.1
• **Sigma-Aldrich** *specialty chemicals*	22.0	18.0	15	136.0	17.1	11.83	13	48½	20	2.14	22.7
• **Atlas Van Lines** *trucking*	21.7	18.4	16	173.1	5.2	7.92	17	15⅛	4	1.46	10.4
• **Dixon Ticonderoga** *office supplies*	21.6	11.2	105	5.7	0.6	5.93	37	8½	112	0.67	12.7
Timeplex *computer equip & svcs*	21.5	12.3	25	37.8	3.4	4.60	42	23⅞	32	0.57	41.9
Atlantic American *insurance*	21.5	18.5	15	42.6	4.3	6.54	92	14¼	–5	1.21	11.8
• **EIP Microwave** *electronics*	21.4	28.3	17	14.9	1.3	2.15	0	13¾	42	0.61	22.5
Designatronics *electronic components*	21.4	22.8	37	14.5	1.0	2.32	12	8⅛	58	0.53	16.3
Allied Security *industrial services*	21.3	20.1	19	29.1	0.9	6.61	7	13	100	1.33	9.8
Computer Data Systems *computer services*	21.3	27.8	49	40.5	2.1	2.44	21	15¾	57	0.68	23.2
Scurry-Rainbow Oil *oil & gas, mining*	21.3	18.9	23	45.6	12.3	7.21	6	15½	49	1.37	11.3
• **Verbatim Corp** *computer equip*	21.2	23.1	40	119.8	14.3	2.77	6	27	90	0.64	42.2
• **Applied Data Research** *computer software, svcs*	21.2	8.0	21	68.3	4.5	8.75	27	33⅞	70	0.70	48.4
• **Times Fiber Communications** *coaxial cables*	21.1	9.1	21	137.6	6.6	8.11	1	13⅜	–30	0.74	18.1

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Up & Comers/The Class of '83

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	Electro-Nucleonics *health care products*	21.0%	9.4%	17%	$ 42.8	$ 2.1	$ 7.36	25%	15¼	13%	$0.62	25.4
	Anderson, Greenwood & Co *valves*	20.9	12.0	16	60.8	6.1	7.65	17	12⅜	7	0.92	13.5
•	**MDC Corp** *home construction*	20.8	17.1	56	78.9	6.2	5.24	76	15⅛	36	0.90	16.8
•	**Wallace Computer Svcs** *business forms*	20.8	17.4	18	210.3	16.0	9.45	8	28⅛	23	1.65	17.0
	Golden Enterprises *snack foods, fasteners*	20.8	22.8	21	86.2	6.6	4.42	4	20¼	149	1.01	20.0
•	**Chilton Corp** *financial svcs*	20.6	20.0	17	54.0	3.2	4.33	0	23¼	187	0.87	26.7
	IPM Technology *airline services*	20.6	1.7	15	52.3	0.2	4.70	71	5	42	0.08	62.5
•	**Electro Rent** *leasing*	20.6	21.5	28	54.3	7.2	5.13	63	20⅛	41	1.10	18.9
•	**Superior Mfg & Instr** *auto parts*	20.6	26.3	29	17.0	1.1	5.55	2	15½	138	1.46	10.6
•	**Farah Mfg** *apparel*	20.4	26.2	147	194.2	10.4	8.70	18	30¼	146	2.28	13.3
•	**Kasler Corp** *construction*	20.4	24.0	43	103.1	5.9	4.95	0	19½	–1	1.19	16.7
•	**Possis Corp** *machinery*	20.4	3.1	62	8.1	0.2	3.21	6	12½	25	0.10	NM
	REDM Inds *electronics*	20.3	14.9	17	31.8	1.9	9.43	15	15½	34	1.41	11.0
•	**Hathaway Corp** *electronics*	20.3	29.9	50	18.4	1.8	2.57	0	10¾	–8	0.77	14.0
•	**Hechinger** *retail*	20.3	15.6	25	241.2	11.7	6.41	22	27	14	1.00	27.0
•	**Matrix Science** *electrical equip*	20.3	19.7	25	40.6	4.9	6.48	0	30¾	38	1.28	24.0
•	**DBA Systems** *electronics*	20.3	32.4	89	28.3	1.8	2.16	10	18	45	0.70	25.7
	Stryker Corp *health care equip*	19.9	18.6	21	55.0	4.7	5.69	0	32	46	1.06	30.2
	Chesapeake Utilities *natural gas*	19.8	15.8	19	45.9	1.9	25.29	25	23	27	4.02	5.7
	Restaurant Associates *food service*	19.8	11.4	19	104.7	1.9	6.28	59	8	45	0.72	11.1
•	**Communications Systems** *telecommunications*	19.7	13.5	22	25.0	2.5	8.80	34	25	266	1.19	21.0
•	**American Medical Svcs** *health care svcs*	19.6	15.9	20	23.5	1.0	3.71	96	9¼	58	0.59	15.7
	Dunkin' Donuts of Am *fast food*	19.6	17.0	17	75.7	6.7	9.23	66	24⅞	45	1.57	15.8
•	**Galaxy Carpet Mills** *carpet*	19.3	23.9	21	151.8	4.7	9.82	85	21½	31	2.35	9.1
•	**North Fork Bancorp** *bank holding*	19.3	22.4	32	22.8	2.5	20.29	0	31	37	4.56	6.8
	Amer Controlled Inds *mechanical equipment*	19.1	17.2	22	19.5	3.9	23.79	30	37	0	4.10	9.0
	Hipotronics *electronics*	18.9	8.0	20	17.6	2.5	6.23	0	13⅛	–19	0.50	26.3
•	**Three D Dept Stores** *retail*	18.9	17.0	15	50.7	2.0	6.99	14	21	281	1.19	17.6
	Lumex *health care equipment*	18.9	18.5	33	36.5	2.7	5.07	40	23	35	0.94	24.5
•	**Adobe Oil & Gas** *oil & gas, coal*	18.8	12.5	22	203.2	24.6	11.72	42	20¼	33	1.47	13.8
•	**Andrew Corp** *telecomm equip*	18.7	16.9	28	142.3	14.4	9.66	15	39	8	1.64	23.8

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•	**HBO & Co** *hospital computer svcs*	18.5%	24.0%	36%	$ 55.5	$ 7.5	$ 3.16	11%	41	78%	$0.76	53.9
•	**Technalysis Corp** *computer services*	18.4	26.9	25	6.7	0.7	2.63	0	16	50	0.71	22.5
•	**Metro Tel Corp** *electronics*	18.4	25.0	18	3.8	0.3	0.68	47	5	–16	0.17	29.4
•	**George Banta** *printing*	18.3	17.8	16	182.0	9.4	10.95	39	21¼	50	1.96	10.8
	Piper, Jaffray *securities brokerage*	18.3	26.4	21	86.5	3.8	11.11	1	22⅞	54	2.94	7.8
	Conifer/Essex Group *bank holding*	18.3	16.8	20	77.1	6.4	33.10	23	35½	20	5.57	6.4
•	**Kevlin Microwave** *electronics*	18.2	22.4	23	5.9	0.6	1.16	0	7⅜	–4	0.26	28.4
•	**United Missouri Bancshares** *bank holding*	18.2	15.2	17	225.2	29.2	30.14	5	28¼	22	4.59	6.2
	Kleer-Vu Inds *plastics*	18.1	17.0	51	13.3	0.6	1.99	42	5⅛	143	0.34	17.3
•	**AVEMCO Corp** *insurance*	17.8	17.0	15	35.6	4.3	10.83	20	21⅞	28	1.85	11.8
	Langley Corp *aerospace*	17.7	11.5	16	9.5	1.1	4.57	0	7¾	10	0.53	14.6
•	**Redken Labs** *cosmetics*	17.7	16.5	16	86.3	6.4	13.61	14	22	–13	2.25	9.8
	Depositors Corp *bank holding*	17.7	16.4	16	79.8	6.7	25.08	18	30	11	4.12	7.3
•	**Immuno Nuclear** *health care supplies*	17.6	4.0	70	4.2	0.2	2.20	22	6½	–35	0.09	72.2
•	**Standard Motor Prods** *auto parts*	17.5	20.3	25	178.5	15.0	16.68	24	59¼	78	3.39	17.5
•	**First Virginia Banks** *bank holding*	17.5	20.9	15	246.6	25.0	10.65	34	17½	53	2.23	7.8
•	**Hasbro Inds** *toys*	17.5	24.3	130	137.9	7.0	6.46	11	24	122	1.57	15.3
•	**Tandon** *computer equipment*	17.0	25.0	100	150.5	15.7	1.92	0	29¼	99	0.57	51.3
•	**First Bancshrs La** *bank holding*	17.0	15.6	17	125.4	11.6	15.49	23	22½	46	2.43	9.3
•	**Service Corp Intl** *funeral services*	17.0	13.1	24	208.5	20.5	16.52	36	36⅜	16	2.18	16.7
	Lil' Champ Food Stores *convenience stores*	16.9	17.9	16	63.5	1.8	9.68	39	36	92	1.74	20.7
•	**Pan American Banks** *bank holding*	16.9	19.3	21	135.1	11.9	15.22	33	23⅛	36	2.95	7.8
•	**UST Corp** *bank holding*	16.9	23.3	27	64.9	6.3	11.09	46	22½	42	2.59	8.7
•	**Valspar Corp** *paints*	16.8	19.4	28	151.7	7.1	18.18	7	42	82	3.54	11.9
•	**Ultrasystems** *construction*	16.7	12.3	99	45.5	2.1	4.14	0	17½	68	0.51	34.3
•	**Prairie Producing** *oil & gas expl, devel*	16.6	9.8	25	25.5	5.3	5.86	53	11¼	55	0.58	19.4
	Charles River Breeding Labs *lab animals*	16.5	13.8	18	40.9	5.9	16.61	5	41½	18	2.30	18.0
•	**Fifth Third Bancorp** *bank holding*	16.4	16.6	19	198.5	26.6	36.67	4	53¾	74	6.11	8.8
•	**Garan** *apparel*	16.4	16.3	15	150.0	8.2	23.13	16	32½	59	3.78	8.6
	Felmont Oil *oil & gas, chemicals*	16.4	12.3	15	76.4	14.0	10.55	4	21¼	27	1.30	16.7
•	**Multibank Financial** *bank holding*	16.2	15.5	24	144.8	10.9	35.68	25	36	42	5.56	6.5

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Sources: Standard & Poor's, William O'Neil & Co., FORBES

Up & Comers/The Class of '83

	Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Sales* (mils)	Profits* (mils)	Book value per share	Long-term debt/ equity	Price recent	Price % change 1983	Latest 12 months EPS	Latest 12 months P/E
•	**OEA Inc** *electronics*	16.1%	20.5%	128%	$ 28.6	$ 2.8	$ 7.15	4%	25	57%	$1.47	17.0
•	**Angelica Corp** *apparel*	16.1	17.7	23	208.2	13.8	8.84	34	23¼	1	1.57	14.8
	Raymond Inds *electronics*	16.1	16.0	43	49.4	5.4	16.01	18	24⅛	26	2.57	9.5
•	**Fourth Financial** *bank holding*	16.0	15.7	18	114.5	12.5	15.77	26	23¼	26	2.49	9.3
•	**Grand Auto** *retail auto parts*	16.0	17.7	20	122.1	3.5	7.89	68	20⅜	69	1.40	14.6
•	**Michigan Sugar** *sugar*	16.0	13.1	141	77.8	2.1	29.25	1	30½	60	3.85	7.9
•	**Black Hills Power & Lt** *electric utility, coal mining*	15.9	19.2	17	82.2	12.3	14.92	62	20⅛	24	2.87	7.1
•	**Stride Rite** *footwear*	15.8	24.6	21	224.8	11.4	9.65	39	28¼	46	2.38	12.1
•	**Florida Commercial Banks** *bank holding*	15.8	14.3	15	67.1	5.2	19.52	39	28¾	19	2.80	10.3
•	**Computone Sys** *computer svcs, insurance*	15.7	9.2	29	25.0	2.0	6.94	0	6¾	–75	0.64	10.5
•	**Suave Shoe** *footwear*	15.7	10.3	43	121.8	6.7	10.59	27	8½	–8	1.10	7.7
	MSI Data *computer services*	15.7	12.9	18	58.6	3.4	10.63	1	18½	–35	1.38	13.4
•	**JM Smucker** *food processing*	15.6	18.2	21	200.3	12.3	18.29	11	38⅞	16	3.34	11.6
•	**Conair Corp** *small appliances*	15.6	29.6	116	114.4	7.2	3.14	11	22¼	231	0.93	23.9
•	**Bank South** *bank holding*	15.5	15.2	22	168.1	13.6	14.57	15	21¼	65	2.22	9.6
•	**First Railroad & Banking** *bank holding*	15.4	35.4	53	136.4	19.0	14.31	63	25½	48	5.07	5.0
•	**Computer Horizons** *computer services*	15.4	42.5	78	20.3	0.8	1.60	3	13	206	0.68	19.1
•	**Datascope Corp** *health care equipment*	15.4	12.0	17	37.8	2.1	7.04	96	24½	40	0.85	28.8
•	**LTX Corp** *precision instruments*	15.4	11.4	32	50.2	2.5	3.05	13	18	58	0.35	51.4
•	**Olga** *apparel*	15.4	19.7	24	62.2	3.0	16.92	55	27	42	3.34	8.1
	Pyramid Oil *oil & gas*	15.3	10.5	27	11.1	1.0	2.18	0	8½	240	0.23	37.0
•	**Natl State Bk, Elizabeth, NJ** *banking*	15.3	16.0	18	108.7	9.9	21.45	0	23½	54	3.45	6.8
•	**Beefsteak Charlie's** *restaurants*	15.3	10.4	24	99.0	3.6	4.90	67	5	–21	0.51	9.8
•	**Megadata Corp** *computer equipment*	15.3	18.0	34	9.2	0.7	4.26	0	12¾	37	0.77	16.6
•	**Godfather's Pizza** *fast food*	15.2	53.8	85	40.2	6.0	1.17	27	19	22	0.63	30.2
•	**Industrial Acoustics** *noise-control products*	15.2	16.4	25	52.1	2.8	6.49	14	12	0	1.07	11.2
•	**Sparton Corp** *electronics*	15.2	18.9	21	142.1	9.2	14.17	3	37⅝	118	2.69	14.0
•	**Unitel Video** *video services*	15.2	21.3	26	6.5	0.9	3.38	66	10¼	32	0.72	14.2
•	**National Environ Controls** *pollution-control equip, svcs*	15.0	14.0	33	9.8	0.8	1.00	13	5¼	45	0.14	37.5
	Eaton Vance *investment advisory svcs*	15.0	31.1	46	10.8	1.2	10.91	0	45½	65	3.40	13.4
•	**Sippican Ocean Sys** *electronics*	15.0	15.3	39	19.8	1.8	5.42	5	19¼	68	0.83	23.8

•New addition to 1983 Up & Comers list. *Latest fiscal year.

Sources: Standard & Poor's; William O'Neil & Co.; FORBES.

Up & Comers/The Class of '83

Here are the 277 best small publicly held companies in the U.S., listed alphabetically. The table ranks the companies in sales, profits, market value and five-year average return on equity.

Where they rank								
Sales*	Profits*	Market value	5-year average ROE	Company	City, State	Telephone	5-year sales growth rate	Market value (mils)
225	251	262	148	**ACMAT**	Hartford, CT	(203) 289-6493	171%	$14.4
233	234	264	76	**AFA Protective Sys**	New York, NY	(212) 279-5000	94	13.2
131	201	115	90	**AGS Computers**	Mountainside, NJ	(201) 654-4321	692	124.7
185	157	193	225	**AVEMCO Corp**	Frederick, MD	(301) 694-5700	149	56.6
125	78	42	111	**Academy Insurance Group**	Valley Forge, PA	(215) 337-1400	232	294.4
184	188	136	50	**Adage**	Billerica, MA	(617) 667-7070	492	106.7
122	122	99	119	**Adams-Russell**	Waltham, MA	(617) 894-8540	307	148.4
15	10	38	214	**Adobe Oil & Gas**	Midland, TX	(915) 683-4701	412	323.5
191	185	172	149	**Advanced Systems**	Arlington Heights, IL	(312) 981-4260	205	72.2
204	220	214	152	**Aero Systems**	Miami, FL	(305) 871-1300	325	36.6
189	166	178	114	**Aeroflex Labs**	Plainview, NY	(516) 694-6700	250	67.2
276	273	277	137	**Air Cargo Equipment**	Long Beach, CA	(213) 435-6341	110	4.8
198	254	272	180	**Allied Security**	Pittsburgh, PA	(412) 884-2636	128	9.3
157	143	102	142	**Alpha Industries**	Woburn, MA	(617) 935-5150	329	147.4
196	229	197	12	**Alpha Microsystems**	Irvine, CA	(714) 957-8500	2,762	47.2
223	163	221	210	**Amer Controlled Inds**	Cincinnati, OH	(513) 621-2280	27	32.5
79	22	76	61	**Amer Income Life Ins**	Waco, TX	(817) 772-3050	100	188.5
212	250	242	207	**American Medical Svcs**	Milwaukee, WI	(414) 271-1300	55	20.2
120	80	148	33	**Amfesco Indus**	Plainview, NY	(516) 694-7272	330	92.3
80	58	24	49	**Analogic Corp**	Wakefield, MA	(617) 246-0300	336	431.0
266	248	250	35	**Andersen 2000**	Atlanta, GA	(404) 997-2000	643	19.0
142	120	180	186	**Anderson, Greenwood & Co**	Houston, TX	(713) 668-0631	129	62.7
49	36	30	215	**Andrew Corp**	Orlando Park, IL	(312) 349-3300	205	388.8
12	40	62	248	**Angelica Corp**	St. Louis, MO	(314) 991-4150	53	215.2
35	96	137	102	**Apogee Enterprises**	Minneapolis, MN	(612) 835-1874	218	105.2
127	153	88	183	**Applied Data Research**	Princeton, NJ	(201) 874-9000	303	161.2
259	198	210	141	**Astrosystems**	Lake Success, NY	(516) 328-1600	82	41.0
173	159	200	175	**Atlantic American**	Atlanta, GA	(404) 231-1010	85	45.7
30	141	192	173	**Atlas Van Lines**	Evansville, IN	(812) 424-2222	87	57.0
92	11	158	129	**Atwood Oceanics**	Houston, TX	(713) 492-2929	131	84.7
250	256	170	55	**Auxton Computer Enterprises**	Orlando, FL	(305) 425-3300	151	73.3
86	67	21	85	**Avantek**	Santa Clara, CA	(408) 727-0700	371	475.0
62	74	68	105	**Aydin Corp**	Horsham, PA	(215) 657-7510	141	202.4
34	41	112	261	**Bank South**	Atlanta, GA	(404) 529-4111	187	131.9
254	206	219	38	**Baruch-Foster**	Dallas, TX	(214) 368-5886	486	32.7
231	210	208	53	**Base Ten Systems**	Trenton, NJ	(609) 586-7010	346	42.1
88	174	230	270	**Beefsteak Charlie's**	New York, NY	(212) 683-9570	286	26.9
104	52	157	253	**Black Hills Power & Light**	Rapid City, SD	(605) 348-1700	233	86.5
272	225	249	115	**Bluewater Oil & Gas**	Calgary, Alberta, Can	(403) 265-3949	333	19.0
226	175	117	22	**Bolar Pharmaceutical**	Copaigue, NY	(516) 842-8383	357	123.3

*Latest fiscal year.

Up & Comers/The Class of '83

Where they rank								
Sales*	Profits*	Market value	5-year average ROE	Company	City, State	Telephone	5-year sales growth rate	Market value (mils)
238	173	145	104	**Bolt Technology**	Norwalk, CT	(203) 853-0700	420%	$ 94.5
78	49	85	112	**Bowne & Co**	New York, NY	(212) 924-5500	80	169.0
211	180	195	28	**C-COR Electronics**	State College, PA	(814) 238-2461	754	51.0
144	87	89	168	**C3**	Reston, VA	(703) 471-6000	701	160.1
73	169	147	15	**CACI Inc (Unit)**	Arlington, VA	(703) 841-7800	834	93.0
190	237	245	110	**CERBERONICS**	Bailey's Crossroads, VA	(703) 379-4500	198	19.3
47	31	52	67	**CPT Corp**	Eden Prairie, MN	(612) 937-8000	1,018	261.7
85	137	94	169	**California Microwave**	Sunnyvale, CA	(408) 732-4000	240	154.8
21	25	129	155	**Camco, Inc**	Houston, TX	(713) 747-4000	298	115.5
105	2	2	14	**Campbell Red Lake**	Toronto, Ontario, Can	(416) 364-3453	223	1,163.7
40	24	19	146	**Canadian Marconi**	Montreal, Quebec, Can	(514) 341-7630	248	513.9
165	205	222	78	**Cellu-Craft**	New Hyde Park, NY	(516) 775-8000	44	32.2
174	124	134	242	**Charles River Breeding Labs**	Wilmington, MA	(617) 658-6000	37	110.3
29	54	36	66	**Charming Shoppes**	Bensalem, PA	(215) 245-9100	193	347.4
166	217	268	203	**Chesapeake Utilities**	Salisbury, MD	(301) 742-1177	389	11.2
153	184	138	192	**Chilton Corp**	Dallas, TX	(214) 699-6111	95	104.6
237	158	146	101	**Chyron Corp**	Melville, NY	(516) 694-7137	271	93.8
262	228	111	3	**Coeur d'Alene Mines**	Wallace, ID	(208) 556-1121	7,509	135.4
205	131	18	59	**Comdata Network**	Nashville, TN	(615) 385-0400	389	518.4
140	84	65	128	**Communications Industries**	Dallas, TX	(214) 357-4001	121	209.3
209	202	155	205	**Communications Systems**	Hector, MN	(612) 848-6231	216	87.5
70	23	7	58	**Community Psych Centers**	San Francisco, CA	(415) 397-6151	327	763.4
98	70	48	24	**Comprehensive Care**	Newport Beach, CA	(714) 640-8950	391	270.0
176	212	202	179	**Computer Data Sys**	Bethesda, MD	(301) 657-1730	346	44.8
220	257	225	262	**Computer Horizons**	New York, NY	(212) 371-9600	196	30.8
180	187	87	151	**Computer Products**	Fort Lauderdale, FL	(305) 974-5500	326	167.2
210	215	253	258	**Computone Sys**	Atlanta, GA	(404) 393-3010	305	17.8
72	100	63	259	**Conair Corp**	Edison, NJ	(201) 287-4800	116	214.2
114	111	167	221	**Conifer/Essex Group**	Worcester, MA	(617) 752-5661	133	77.3
221	270	220	7	**Continuum**	Austin, TX	(512) 345-5700	338	32.6
22	18	46	157	**Conwood Corp**	Memphis, TN	(901) 761-2050	82	277.0
51	19	8	106	**Cray Research**	Mendota Heights, MN	(612) 452-6650	1,139	735.2
110	63	14	52	**Cullinet Software**	Westwood, MA	(617) 329-7700	831	663.3
247	249	256	123	**CutCo Inds**	Jericho, NY	(516) 334-8400	86	16.8
213	243	203	36	**CyCare Systems**	Dubuque, IA	(319) 556-3131	277	44.8
201	221	196	197	**DBA Systems**	Melbourne, FL	(305) 727-0660	400	49.1
20	8	163	16	**DCNY Corp**	New York, NY	(212) 248-8900	697	82.0
182	211	191	265	**Datascope Corp**	Paramus, NJ	(201) 265-8800	156	58.3
108	105	194	227	**Depositors Corp**	Augusta, ME	(207) 623-4721	133	53.1
246	252	246	178	**Designatronics**	New Hyde Park, NY	(516) 328-3300	155	19.3
224	272	266	31	**Designcraft Inds**	New York, NY	(212) 719-3960	57	12.1
270	267	273	174	**Dixon Ticonderoga**	Vero Beach, FL	(305) 231-3190	39	9.3
227	207	165	23	**Drametz Technologies**	Edison, NJ	(201) 287-3680	187	79.3
148	156	73	29	**Dreyer's Grand Ice Cream**	Oakland, CA	(415) 652-8187	959	192.2
118	106	125	206	**Dunkin' Donuts of Am**	Randolph, MA	(617) 961-4000	46	116.8
87	98	95	68	**Dynatech Corp**	Burlington, MA	(617) 272-3304	375	154.2
245	240	224	177	**EIP Microwave**	Newport Beach, CA	(714) 540-6655	231	31.0
255	241	211	275	**Eaton Vance**	Boston, MA	(617) 482-8260	159	40.9

*Latest fiscal year

Up & Comers/The Class of '83

Where they rank								
Sales*	Profits*	Market value	5-year average ROE	Company	City, State	Telephone	5-year sales growth rate	Market value (mils)
152	99	90	191	**Electro Rent**	Santa Monica, CA	(213) 452-3200	418%	$157.8
172	208	188	185	**Electro-Nucleonics**	Fairfield, NJ	(201) 227-6700	103	60.1
139	116	54	25	**Electrospace Systems**	Richardson, TX	(214) 231-9303	327	256.4
75	34	44	132	**Elscint Ltd**	Haifa, Israel	(04) 522-872	445	285.5
154	76	35	74	**Evans & Sutherland**	Salt Lake City, UT	(801) 582-5847	534	369.1
13	72	25	108	**Family Dollar Stores**	Matthews, NC	(704) 847-6961	128	428.6
19	73	70	194	**Farah Mfg**	El Paso, TX	(915) 593-4444	99	194.0
117	39	57	245	**Felmont Oil**	New York, NY	(212) 867-2211	175	226.6
18	-	55	243	**Fifth Third Bancorp**	Cincinnati, OH	(513) 579-5300	195	251.0
151	126	179	116	**First Amer Bk & Tr**	Lake Worth, FL	(305) 354-2200	392	67.0
61	62	131	234	**First Bancshrs La**	Baton Rouge, LA	(504) 389-3692	168	111.8
55	20	107	263	**First Railroad & Banking**	Augusta, GA	(404) 823-2753	315	138.9
1	9	61	231	**First Virginia Banks**	Falls Church, VA	(703) 241-3657	145	219.2
115	16	27	72	**Flightsafety Intl**	Flushing, NY	(212) 565-4100	239	410.5
94	64	39	39	**Floating Point Sys**	Portland, OR	(503) 641-3151	831	315.0
129	142	185	255	**Florida Commercial Banks**	Miami, FL	(305) 266-2600	129	60.9
206	253	236	139	**Flower Time**	Lindenhurst, NY	(516) 957-3300	164	23.5
228	204	83	47	**Forest Labs**	New York, NY	(212) 421-7850	236	171.8
71	48	120	251	**Fourth Financial**	Wichita, KS	(316) 261-4444	190	122.2
235	189	144	79	**Frequency Electronics**	Mitchel Field, NY	(516) 794-4500	258	98.4
261	269	244	1	**GTS Corp**	Houston, TX	(713) 681-7551	127	20.1
41	151	176	208	**Galaxy Carpet Mills**	Elk Grove Village, IL	(312) 593-0555	101	69.8
44	91	153	244	**Garan**	New York, NY	(212) 563-2000	22	88.7
121	170	206	117	**General Housewares**	Stamford, CT	(203) 325-4141	22	43.3
194	186	223	10	**General Physics**	Columbia, MD	(301) 964-6000	554	31.7
197	232	237	48	**Genisco Technology**	Compton, CA	(213) 537-4750	175	23.3
23	81	130	220	**George Banta**	Menasha, WI	(414) 722-7771	78	114.3
203	238	274	18	**Georgia Bonded Fibers**	Newark, NJ	(201) 642-3547	82	8.4
178	121	45	271	**Godfather's Pizza**	Omaha, NB	(402) 391-1452	3,731	281.2
97	109	100	187	**Golden Enterprises**	Birmingham, AL	(205) 326-6101	108	148.2
63	176	186	250	**Grand Auto**	Oakland, CA	(415) 568-6500	62	60.7
149	97	22	216	**HBO & Co**	Atlanta, GA	(404) 393-6000	715	445.6
31	77	123	63	**Harper Group**	San Francisco, CA	(415) 983-9600	168	119.0
53	104	98	230	**Hasbro Inds**	Pawtucket, RI	(401) 726-4100	87	148.5
229	222	234	198	**Hathaway Corp**	Denver, CO	(303) 756-8301	80	24.1
3	59	29	200	**Hechinger**	Landover, MD	(301) 341-0385	160	390.1
232	203	231	213	**Hipotronics**	Brewster, NY	(914) 279-8091	142	26.3
113	144	149	154	**Hunt Mfg**	Philadelphia, PA	(215) 732-7700	114	91.6
156	277	271	193	**IPM Technology**	Los Angeles, CA	(213) 646-2664	506	9.8
248	271	247	118	**IRT Corp**	San Diego, CA	(619) 565-7171	117	19.1
273	275	257	229	**Immuno Nuclear**	Stillwater, MN	(612) 439-9710	1,011	16.2
100	56	139	43	**Impell**	San Francisco, CA	(415) 421-2288	435	104.6
158	194	217	274	**Industrial Acoustics**	Bronx, NY	(212) 931-8000	105	35.2
33	135	110	153	**Informatics General**	Woodland Hills, CA	(213) 887-9040	129	136.2
214	231	229	13	**Initio**	Carson City, NV	(702) 883-2711	288	27.1
243	195	127	69	**Instacom**	Dallas, TX	(214) 631-1505	295	116.1
187	160	97	51	**Intelligent Systems**	Norcross, GA	(404) 449-5961	744	153.0
39	45	4	96	**Intergraph**	Huntsville, AL	(205) 772-2000	1,597	1,083.7

*Latest fiscal year.

Up & Comers/The Class of '83

Where they rank: Sales*	Profits*	Market value	5-year average ROE	Company	City, State	Telephone	5-year sales growth rate	Market value (mils)
155	191	86	127	**Intl Clinical Labs**	Nashville, TN	(615) 327-1025	205%	$168.3
52	86	187	34	**Intl Controls**	Thomaston, CT	(203) 283-8205	83	60.3
138	101	140	44	**Intl Game Technology**	Reno, NV	(702) 323-5060	2,105	102.9
17	53	104	260	**JM Smucker**	Orrville, OH	(216) 682-0015	59	143.4
2	66	74	64	**Jackson National Life**	Lansing, MI	(517) 394-3400	1,260	191.2
38	27	37	124	**John H Harland**	Decatur, GA	(404) 981-9460	148	324.2
84	123	164	195	**Kasler Corp**	San Bernardino, CA	(714) 884-4811	230	81.6
269	265	258	222	**Kevlin Microwave**	Woburn, MA	(617) 935-4800	195	15.0
103	51	9	4	**Key Pharmaceuticals**	Miami, FL	(305) 652-2276	1,729	733.7
249	262	269	224	**Kleer-Vu Inds**	Brownsville, TN	(901) 772-2500	38	10.9
145	57	142	27	**La Land Offshore Expl**	New Orleans, LA	(504) 566-6500	128	99.3
160	200	108	266	**LTX Corp**	Westwood, MA	(617) 329-7550	75	138.9
257	246	270	228	**Langley Corp**	San Diego, CA	(619) 264-3181	55	10.3
46	88	50	144	**Liebert Corp**	Columbus, OH	(614) 888-0246	574	265.7
133	223	209	238	**Lil' Champ Food Stores**	Jacksonville, FL	(904) 724-1661	136	41.7
36	38	34	97	**Liz Claiborne**	New York, NY	(212) 354-4900	2,139	372.3
60	61	41	77	**Luby's Cafeterias**	San Antonio, TX	(512) 654-9000	139	305.1
183	197	152	211	**Lumex**	Bay Shore, NY	(516) 273-2200	200	89.2
188	233	226	145	**Lundy Electr & Sys**	Glen Head, NY	(516) 671-9000	61	30.2
77	115	218	82	**Lynden**	Seattle, WA	(206) 872-8832	328	34.6
109	117	82	189	**MDC Corp**	Denver, CO	(303) 773-1100	59	179.0
143	181	201	256	**MSI Data**	Costa Mesa, CA	(714) 549-6000	50	45.5
106	154	166	126	**Magnetic Controls**	Minneapolis, MN	(612) 835-6800	252	78.3
89	85	17	93	**Management Science of Am**	Atlanta, GA	(404) 239-2000	431	544.7
177	165	58	138	**Matrix Corp**	Northvale, NJ	(201) 767-1750	977	221.7
175	145	122	199	**Matrix Science**	Torrance, CA	(213) 328-0271	638	126.5
239	171	182	164	**McFarland Energy**	Santa Fe Springs, CA	(213) 944-0181	164	61.6
251	235	260	17	**McRae Inds**	Mount Gilead, NC	(919) 439-6147	116	14.6
253	239	205	42	**Medex**	Hilliard, OH	(614) 876-2413	604	43.4
258	259	259	267	**Megadata Corp**	Bohemia, NY	(516) 589-6800	48	14.6
268	260	169	86	**Mentor**	Minneapolis, MN	(612) 588-4685	503	75.6
274	274	275	218	**Metro Tel Corp**	Syosset, NY	(516) 364-3377	282	8.2
112	209	199	252	**Michigan Sugar**	Saginaw, MI	(517) 799-7300	47	46.0
28	14	11	75	**Molex**	Lisle, IL	(312) 969-4550	208	705.7
48	68	173	246	**Multibank Financial**	Quincy, MA	(617) 471-3800	117	71.2
192	183	156	30	**Mylan Laboratories**	Pittsburgh, PA	(412) 232-0100	93	87.2
66	152	51	95	**NBI**	Boulder, CO	(303) 444-5710	4,310	262.2
68	69	71	162	**National Data**	Atlanta, GA	(404) 329-8500	291	192.9
58	134	69	21	**National Education**	Newport Beach, CA	(714) 546-7360	448	198.8
256	258	251	277	**National Environ Ctls**	Metairie, LA	(504) 733-0586	46	18.0
76	75	174	268	**Natl State Bank**	Elizabeth, NJ	(201) 354-3400	110	70.5
215	242	239	136	**Natl Technical Sys**	Woodland Hills, CA	(213) 348-7101	172	20.8
208	244	265	19	**Nature's Sunshine Prods**	Spanish Fork, UT	(801) 798-9861	676	12.1
200	133	20	91	**Network Systems**	Brooklyn Park, MN	(612) 425-2202	2,711	496.9
83	79	59	65	**New England Business Svc**	Groton, MA	(617) 448-6111	196	220.9
126	148	143	147	**New Yorker Magazine**	New York, NY	(212) 840-3800	85	99.2
219	147	77	56	**Newport Corp**	Fountain Valley, CA	(714) 963-9811	200	185.5
217	199	228	209	**North Fork Bancorp**	Mattituck, NY	(516) 298-8366	338	28.5

*Latest fiscal year.

Up & Comers/The Class of '83

Where they rank				Company	City, State	Telephone	5-year sales growth rate	Market value (mils)
Sales*	Profits*	Market value	5-year average ROE					
164	164	168	166	Nuclear Metals	Concord, MA	(617) 369-5410	437%	$76.9
124	125	124	134	O'Sullivan Corp	Winchester, VA	(703) 667-6666	40	117.8
199	193	161	247	OEA Inc	Denver, CO	(303) 693-1248	95	83.0
116	192	227	2	Oak Hill Sportswear	New York, NY	(212) 354-0444	6,847	29.4
128	140	96	158	Ohio-Sealy Mattress	Cleveland, OH	(216) 522-1310	61	153.5
137	190	240	264	Olga	Van Nuys, CA	(213) 782-7568	64	20.7
169	110	80	32	Oregon Metallurgical	Albany, OR	(503) 926-4281	142	181.6
102	82	119	81	Pacific Scientific	Anaheim, CA	(714) 535-8141	227	122.5
8	4	13	70	Pall Corp	Glen Cove, NY	(516) 671-4000	191	666.0
57	55	135	237	Pan American Banks	Miami, FL	(305) 577-5974	163	109.3
91	119	78	131	Pandick Press	New York, NY	(212) 741-5555	189	182.9
171	127	60	57	Pansophic Systems	Oak Brook, IL	(312) 986-6000	398	219.3
14	6	28	161	Paradyne	Largo, FL	(813) 530-2000	1,249	398.8
277	263	267	84	Petrol Inds	Shreveport, LA	(318) 424-6396	66	11.5
271	266	261	160	Photronics Corp	Hauppauge, NY	(516) 231-9500	111	14.5
25	5	12	54	Pic'n'Save	Carson, CA	(213) 537-9220	229	687.7
244	161	141	6	Pioneer Group	Boston, MA	(617) 742-7825	277	102.0
93	167	159	219	Piper, Jaffray	Minneapolis, MN	(612) 371-6111	148	83.4
263	276	241	196	Possis Corp	Golden Valley, MN	(612) 545-1471	30	20.3
241	178	177	100	Postal Instant Press	Los Angeles, CA	(213) 653-8750	109	68.6
207	139	150	241	Prairie Producing	Houston, TX	(713) 658-8413	215	90.3
111	118	128	170	Printronix	Irvine, CA	(714) 863-1900	510	116.0
264	264	254	133	Professional Care Svc	Buckingham, PA	(215) 322-2601	207	17.6
252	247	207	269	Pyramid Oil	Santa Fe Springs, CA	(213) 944-6703	72	43.0
65	28	15	60	Quotron Systems	Los Angeles, CA	(213) 827-4600	262	656.8
193	218	238	201	REDM Inds	Mountain Plaza, NJ	(201) 881-0801	116	21.8
218	177	126	159	Radiation Systems	Sterling, VA	(703) 450-5680	199	116.6
26	3	10	107	Ranger Oil Ltd	Calgary, Alberta, Can	(403) 263-1500	1,914	708.5
162	138	204	249	Raymond Inds	Middletown, CT	(203) 347-7777	67	44.5
95	113	183	226	Redken Labs	Canoga Park, CA	(213) 992-2700	65	61.1
9	95	105	11	Reeves Communications	New York, NY	(212) 573-8600	1525	142.1
202	182	252	122	Reflectone	Tampa, FL	(813) 885-7481	127	17.9
81	219	248	204	Restaurant Associates	New York, NY	(212) 997-1400	44	19.1
179	168	81	125	SEI Corp	Wayne, PA	(215) 687-1700	379	180.1
163	162	133	113	SFE Technologies	San Fernando, CA	(213) 361-1176	168	111.1
170	128	121	45	SafeCard Services	Fort Lauderdale, FL	(305) 565-2131	868	120.7
45	44	43	156	Safety-Kleen	Elgin, IL	(312) 697-8460	179	293.4
107	21	72	8	Sage Energy	San Antonio, TX	(512) 271-7200	2,601	192.3
275	268	276	99	Sage Labs	Natick, MA	(617) 653-0844	99	6.0
234	216	189	80	Scientific Software	Denver, CO	(303) 292-1111	315	59.3
167	50	66	181	Scurry-Rainbow Oil	Calgary, Alberta, Can	(403) 232-7100	149	207.5
99	13	6	46	Sensormatic Electronics	Deerfield, FL	(305) 427-9700	389	936.7
11	17	32	235	Service Corp Intl	Houston, TX	(713) 522-5141	100	382.2
37	15	5	71	Shared Medical Sys	Malvern, PA	(215) 296-6300	262	1,006.3
16	112	171	98	Shop & Go	Mango, FL	(813) 689-8161	144	72.3
56	26	26	172	Sigma-Aldrich	St. Louis, MO	(314) 771-5765	148	418.5
195	155	101	20	Silicon General	Concord, CA	(415) 686-6660	144	148.0
222	224	184	276	Sippican Ocean Sys	Marion, MA	(617) 748-1160	64	61.1

*Latest fiscal year

Up & Comers/The Class of '83

Where they rank: Sales*	Profits*	Market value	5-year average ROE	Company	City, State	Telephone	5-year sales growth rate	Market value (mils)
136	43	79	83	**Southwestern Energy**	Fayetteville, AR	(501) 521-1141	127%	$182.0
50	83	113	273	**Sparton Corp**	Jackson, MI	(517) 787-8600	77	128.6
216	196	160	52	**Spectradyne**	Richardson, TX	(214) 234-2721	333	83.3
240	226	190	89	**Spectrum Control**	Fairview, PA	(814) 474-1571	201	58.9
24	33	40	232	**Standard Motor Prods**	Long Island City, NY	(212) 392-0200	83	309.2
7	65	64	254	**Stride Rite**	Cambridge, MA	(617) 491-8800	104	213.0
150	149	91	202	**Stryker Corp**	Kalamazoo, MI	(616) 381-3811	142	157.7
64	107	235	257	**Suave Shoe**	Miami Lakes, FL	(305) 822-7880	99	24.0
236	245	263	190	**Superior Mfg & Instr**	Long Island City, NY	(212) 932-1800	210	14.2
32	35	3	73	**TIE/communications**	Shelton, CT	(203) 929-7373	792	1,134.7
242	227	198	103	**TSI Inc**	St. Paul, MN	(612) 483-0900	209	47.0
43	32	1	233	**Tandon**	Chatsworth, CA	(213) 993-6644	160	1,485.2
265	261	255	217	**Technalysis Corp**	Minneapolis, MN	(612) 925-5900	65	16.8
130	146	53	62	**Telecom Plus Intl**	Long Island City, NY	(212) 392-7700	634	256.8
74	92	92	140	**Teleflex Inc**	Limerick, PA	(215) 948-5100	134	157.6
147	102	33	88	**Tellabs**	Lisle, IL	(312) 969-8800	566	378.8
90	60	56	41	**Thompson Medical**	New York, NY	(212) 688-4420	220	248.7
134	94	75	37	**Thousand Trails**	Seattle, WA	(206) 246-5406	722	190.2
159	214	215	212	**Three D Dept Stores**	East Hartford, CT	(203) 569-6720	82	35.4
181	179	93	176	**Timeplex**	Rochelle Park, NJ	(201) 368-1113	301	156.8
54	108	114	184	**Times Fiber Communications**	Wallingford, CT	(203) 265-8500	428	127.8
96	150	216	87	**Tony Lama**	El Paso, TX	(915) 778-8311	155	35.3
123	129	154	109	**TransTechnology**	Sherman Oaks, CA	(213) 990-5920	142	88.3
230	230	213	130	**Trion Inc**	Sanford, NC	(919) 775-2201	219	36.9
4	47	106	167	**Tultex**	Martinsville, VA	(703) 632-2961	85	139.0
146	71	175	165	**Turner Construction**	New York, NY	(212) 878-0300	188	70.4
132	114	181	236	**UST Corp**	Boston, MA	(617) 726-7000	371	61.8
168	213	116	240	**Ultrasystems**	Irvine, CA	(714) 863-7000	299	123.7
27	90	109	94	**Unifi**	Greensboro, NC	(919) 294-4410	207	137.5
260	236	212	120	**United Medical**	Haddonfield, NJ	(609) 795-2220	666	37.9
6	1	84	223	**United Missouri Bancshrs**	Kansas City, MO	(816) 348-1100	176	170.9
267	255	243	272	**Unitel Video**	New York, NY	(212) 265-3600	148	20.1
67	46	31	163	**Unitrode Corp**	Lexington, MA	(617) 861-6540	209	385.1
42	103	118	239	**Valspar Corp**	Minneapolis, MN	(612) 332-7371	82	123.0
69	37	16	182	**Verbatim Corp**	Sunnyvale, CA	(408) 245-4400	450	614.2
186	172	232	171	**Vulcan Corp**	Cincinnati, OH	(513) 621-2850	3	25.3
161	93	103	9	**WD-40 Co**	San Diego, CA	(619) 275-1400	134	147.1
5	130	151	150	**Wackenhut**	Coral Gables, FL	(305) 445-1481	93	89.5
10	29	47	188	**Wallace Computer Svcs**	Hillside, IL	(312) 626-2000	127	273.3
119	136	233	40	**Wells-Gardner Electronics**	Chicago, IL	(312) 252-8220	822	24.5
135	89	67	121	**Whitehall Corp**	Dallas, TX	(214) 247-8747	115	203.9
59	30	162	5	**Williams Electronics**	Chicago, IL	(312) 267-2240	302	82.7
141	132	132	26	**Windmere Corp**	Hialeah, FL	(305) 621-2611	225	111.2
101	12	49	143	**Woods Petroleum**	Oklahoma City, OK	(405) 947-7811	160	269.6
82	42	23	135	**Xidex**	Sunnyvale, CA	(408) 739-4170	206	435.9

*Latest fiscal year. *Sources: Standard & Poor's; William O'Neil & Co.; FORBES*

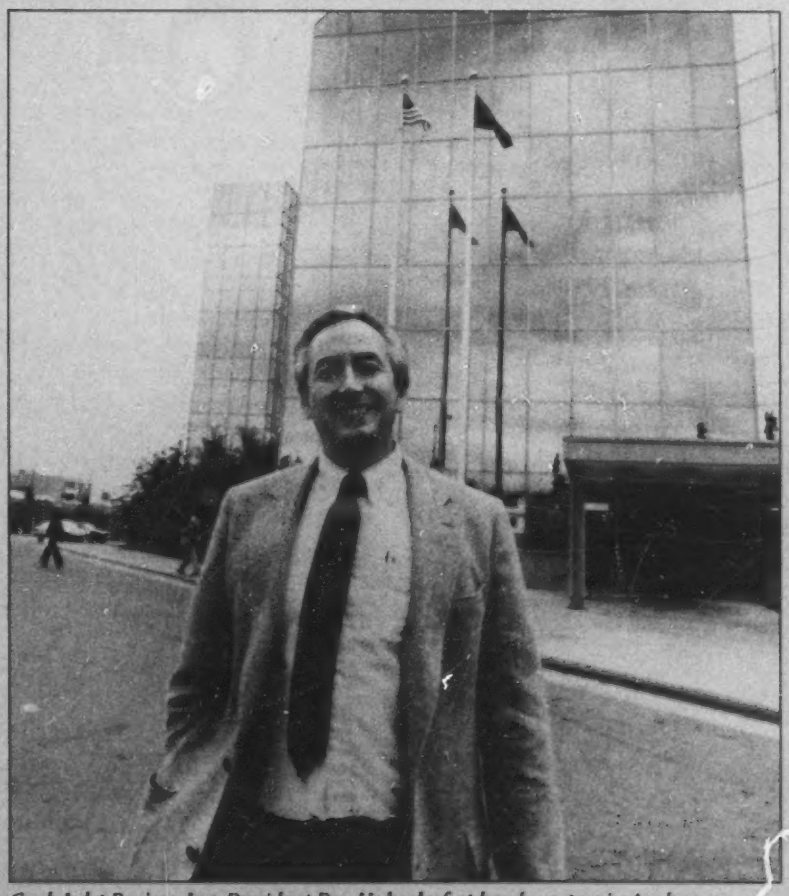
Statistician: Leslie J. Pittel.

Asia covets Alaskan fish, timber, coal and, especially, oil, and the state's little-known Native corporations are finding new trading partners.

Northwest passage

By Allan Dodds Frank

WHEN THE residential housing market slumps in Tokyo, it hurts Alaska Natives in Juneau and Sitka. When South Koreans get depressed, aphrodisiac prices there decline and Eskimos in Kotzebue lose profits. What's going on is that the Natives of Alaska, the Eskimos, Indians and Aleuts, are establishing business empires increasingly tied to the fortunes of the Pacific Rim. Japan and South Korea provide major markets for timber, fish, minerals and, yes, even reindeer horn, which old-fashioned apothecaries in Seoul finely grind into much-savored sex potions.



Cook Inlet Region, Inc. President Roy Hubndorf at headquarters in Anchorage
Alaskan coal to Japan?

Being in the export business is just one offshoot of the 1971 settlement, enacted by Congress, of the land claims of Alaska's 80,000 Eskimos, Indians and Aleuts. The Natives were granted 44 million acres, a land area equal to 2% of the entire U.S. To help them enter the capitalist mainstream, $962.5 million was thrown into the pot (FORBES, *Oct. 24*) to establish 203 village and 12 giant regional corporations. These are to administer the land and begin profitmaking ventures. Each Native received 100 shares in a regional corporation. To prevent takeovers by outsiders, Congress prohibited any stock sale until 1991.

"Until I became a Native American businessman, I always thought a strong American dollar was a good thing," says Roger Lang, a Tsimshian Indian who fishes commercially for salmon and halibut when not attending to his duties as a director of Sealaska Corp., a company with estimated timber assets in hemlock, spruce and cedar worth more than $200 million. He now knows a weak yen means weak sales. Lang adds that Canada, which he accuses of dumping logs, has hurt Sealaska timber sales to Japan, which last year were nearly 190 million board feet, mostly in round logs.

Overall the 12 Alaska Native corporations' profits have been improving *(see table, p. 222)*, but the big move forward will occur when world prices for oil, timber and fish improve. Until then the corporations will work on honing skills in scouting out new joint ventures. Several Native corporations have opened branches in Tokyo and Seoul, and more will follow. Alaska is midway between Tokyo and New York by air, and by water it's far easier to ship bulk commodities to the Pacific Rim than to the U.S. East Coast. Raw salmon is a big seller in the Orient, so several Native corporations, like Calista Corp. in southwest Alaska and Nana Regional Corp. in Kotzebue, have negotiated wholesale deals to sell fish caught by Natives to Japan.

For Nana, the South Korean market for reindeer horn is the margin that makes it possible to maintain a herd of 6,000 animals that also provides fresh meat for local Eskimos, all of whom are stockholders. The herd still loses money, which makes it a tax-loss carryforward on the hoof, but the slaughterhouse also is used in summer to process fish. Besides, Nana stockholders are constantly entertained by management's amusing efforts at rounding up the reindeer. Using tax-deductible toys—helicopters,

aircraft, three-wheeled vehicles and dog teams—they try to separate the reindeer from thundering herds of wild caribou. (They look alike and are compatible.) Nana also mines decorative quality jade that it sells to Taiwan for carving into clocks, ashtrays and little animals, even reindeer.

"In Japan they understand the Alaska market much better than anyone else," says Alex Raider, Calista Corp. president. Raider has enticed several major Japanese corporations, including Mitsui Engineering & Shipbuilding, Ltd. and Kawasho International Corp., into joint ventures to supply engineering expertise and steel for building offshore oil rigs in the Bering and Chukchi seas. It's not just the Asians who are doing business with the Native corporations. Remember, the dozen corporations control 44 million acres of the state and deal with the major U.S. oil companies, handling service and construction contracts. Natives and oilmen lobby together against environmentalists for sale of Alaska oil to Japan.

In the main, the Native corporations have staked their future on resource development, with nearly every corporation involved in joint ventures with oil companies.

Roger Lang, a Tsimshian Indian who is a Sealaska director
Learning that a strong dollar doesn't always help.

The most profitable Native corporation, Cook Inlet Region, Inc., is seeking a blend of Pacific Rim and domestic markets that other Native corporations are trying to duplicate. Cook Inlet President Roy Huhndorf says improvement of coal prices could make it economically feasible to ship to Japan from the corporation's massive Beluga coalfield near Anchorage, to be operated under lease by Placer Amex Inc. In the meantime, with proved oil and gas reserves, Cook Inlet "is going to stick to joint ventures with expert operators like Arco and Texaco," says Huhndorf.

The Native corporations always look for ventures that will employ shareholders, a notion that produces company ties akin to the Japanese cradle-to-grave employment approach. The Native leaders strive to create shareholder loyalty—William L. Hensley, president of Nana Development Corp., a Nana subsidiary, calls it "Sivuniigvik," spirit in Eskimo—to work against the temptation to sell out when 1991 comes around.

The Native corporations, however, have lost a friend with the resignation of James Watt, the Interior Secretary. Watt had pushed hard to unlock their lands for exploration and to get their land titles to them. He put federal lawyers to work on projects to make the Natives self-sufficient, even if it meant fighting The Sierra Club, which it has. As he told FORBES before his resignation, "The no-growth advocates who try to destroy the success of these corporations shouldn't be tolerated."

But then Watt believed in self-reliance for the Natives, not handouts. ■

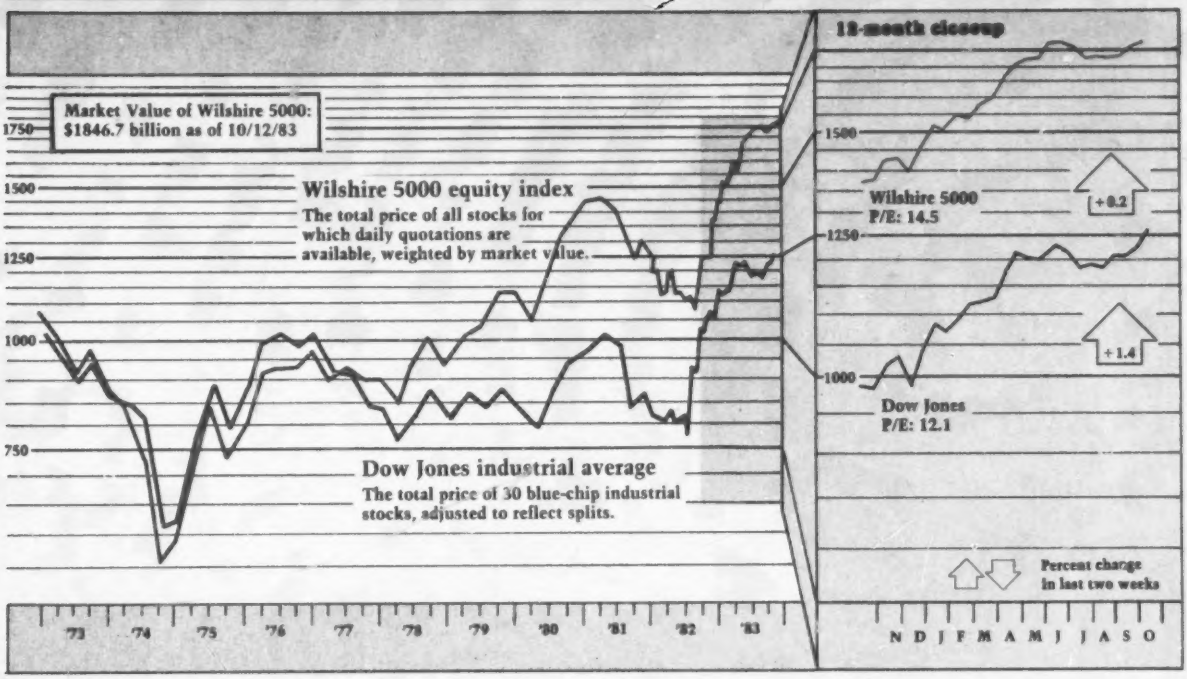
On native ground

These 12 corporations, established by Congress, control most subsurface and surface rights to 44 million acres of Alaska and were given $962.5 million to set up businesses and manage the assets to make Alaskan Natives self-supporting. They can't sell their stock until 1991. Here's a situation report.

Corporation	Reporting year	Stockholders	Acreage (millions)	Settlement money	Equity	Long term debt	Current assets	Current liabilities	Earnings per share	Equity per share
				(in thousands)						
Ahtna Inc	1983	1,074	1.8	$15,085	$17,755	$ 877	$12,304	$1,354	$ 2.69	$17.34
Aleut Corp	1982	3,249	1.5	19,504	15,839	2,110	8,346	1,208	1.53	48.75
Arctic Slope Regional Corp	1982	3,738	5.2	22,535	20,002	16,299	15,684	14,938	(18.38)	50.84
Bering Straits Native Corp	1981-82	7,425	2.2	51,225	8,360	24,391	5,640	3,404	(5.01)	13.20
Bristol Bay Native Corp	1983	5,401	3.2	32,695	37,194	14,527	7,980	3,761	5.88	62.87
Calista Corp	1982	13,306	6.5	80,133	54,716	23,865	21,571	3,600	1.18	41.12
Chugach Natives Inc	1982	1,908	1.0	11,454	6,049	906	8,828	9,710	(4.62)	31.64
Cook Inlet Region Inc	1982	6,264	2.4	43,026	75,880	9,685	65,209	26,677	24.98	121.14
Doyon Ltd	1982	9,491	12.2	53,609	57,991	3,374	11,602	19,144	0.74	64.00
Koniag Inc	(9 mos ending 3/31/82)	3,432	1.1	26,904	15,043	2,886	8,636	8,315	(3.33)	33.35
Nana Regional Corp Inc	1982	4,828	2.3	43,583	44,669	2,751	20,594	20,184	1.80	60.85
Sealaska Corp	1982	15,787	0.6	203,948	176,000	36,889	100,756	101,828	(17.72)	111.41

Source: Native corporations' annual reports

The Forbes/Wilshire 5000 Review



The suffering secondaries. Until now it has not been a happy fall for the secondary stocks. Over the last two weeks Amex issues declined 1.9% and NASDAQ issues lost 2.7%. The picture is similar for the four-week stretch as well. Meanwhile, primary issues and blue chips continue to plod ahead. The Dow hit an alltime high of 1284 during the last two weeks, but they didn't stay long at this new level. Nevertheless, the industrials show a 1.4% advance for the last ten trading days.

The Forbes 500, with a 1.3% gain, was nearly as strong as the Dow during the two-week period. However, on a four-week basis the Forbes 500 outperformed the Dow: 3% vs. 2.5%. The NYSE also managed to post two- and four-week gains. But the broader NYSE index was not as strong as the Forbes 500. The overall market, as measured by the Wilshire, managed to stay in positive territory on the strength of the higher-quality issues.

As the yardsticks indicate, investors are clearly placing their bets on major corporations. Over the last month shares of small corporations declined 3.4% while those of the largest firms advanced 1.8%. The market was also steering clear of high-volatility and high-growth issues. Meanwhile, the P/E multiples on the Dow and Wilshire continue to expand.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.6	3.0	2.5	2.4	-1.5	-2.3
in last 52 weeks	27.7	23.7	24.1	25.1	45.7	42.1

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	1.8	-3.4	-3.8	1.2	-2.8	-3.3	2.4	-2.8	-5.0	2.1	2.6	-4.5
in last 52 weeks	28.5	112.7	94.0	40.3	66.0	103.3	35.7	101.0	107.4	40.0	42.9	102.2

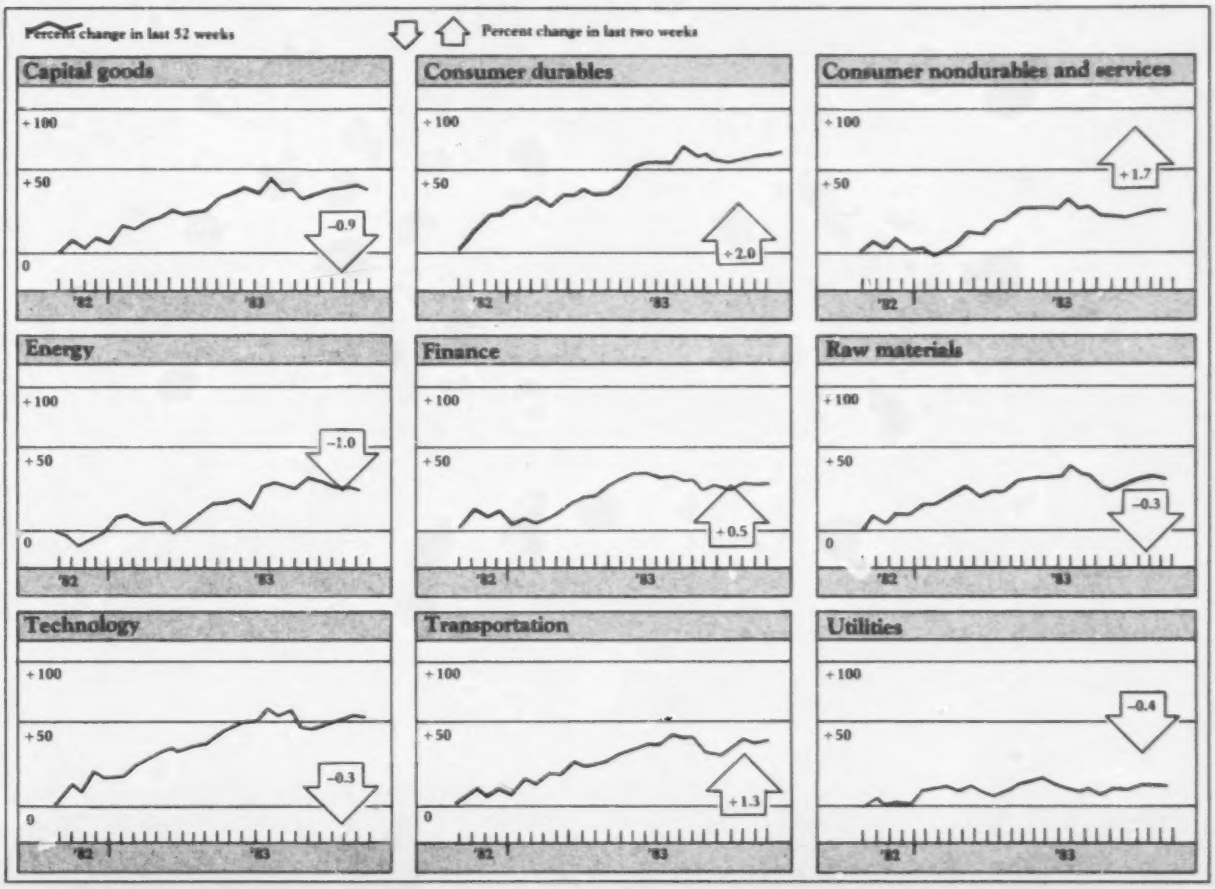
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 10/12/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

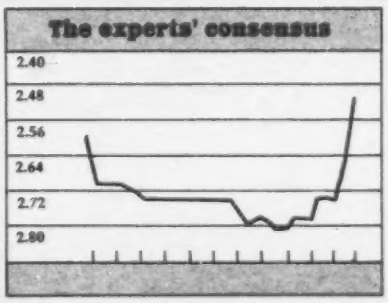
Motown revival. Although Detroit has been on the mend for some time and there is still uncertainty about the future of Japanese export quotas, sales of U.S.-built autos continue to improve. Buying of auto stocks helped propel consumer durables, with a 2% two-week advance, to the lead position among the nine sector groups. Consumer nondurables followed with a 1.7% gain. Despite the well-publicized problems of the airlines, transportation was the third best performing group, with a 1.3% advance.

Energy shares continued to slip, with a 1% decline for two weeks and a 1.5% decline for four weeks. Renewed popularity of large automobiles and performance vehicles isn't enough to overcome investor perceptions of fundamental problems for these stocks.



What The Analysts Think

Seeing new numbers. Perhaps third-quarter results explain the wide swings in analyst opinions. Consumer durables jumped from fourth to second place, while the beleaguered transportation group moved from sixth to fourth. Technology stocks, however, shot up even more—from ninth to fifth place.



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.22	1	1
2	Consumer durables	2.36	4	9
3	Raw materials	2.40	2	2
4	Transportation	2.43	6	4
5	Technology	2.49	9	7
6	Consumer nondurables	2.50	7	8
7	Capital goods	2.56	3	3
8	Energy	2.72	8	6
9	Finance	2.77	5	5

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 10/12/83. Prepared by Wilshire Associates, Santa Monica, Calif.

If the analysts are correct in their earnings projections, the stock market is probably cheap. If they are correct.

Comforting numbers

By Steve Kichen

BACK IN AUGUST of 1982, the 30 stocks in the Dow Jones industrial average traded for a threadbare multiple of 8.3 times earnings. Since then the Dow's P/E has risen to 12.1. In short, almost all the market's 62% rise is the result of a higher multiple rather than better earnings.

What, if anything, does that portend for the next move in the market? To make a stab at answering that question, you need a guess as to what corporate earnings will be like next year. The Institutional Brokers Estimate System (IBES), operated by Lynch, Jones & Ryan, a New York brokerage firm, monitors the earnings predictions of hundreds of Wall Street professionals. Their earnings projections for 1984 are surprisingly optimistic. They expect overall earnings gains of over 60% for the 30 Dow industrials and roughly 50% for the 20 companies that make up the Dow transportation average. The analysts predict the 15 companies that make up the slow-moving utility average should post an average gain of over 7%. If the analysts are correct, every member of the Dow industrials will make money in 1984 except for International Harvester.

That means total earnings for the Dow industrials will be $177.76—up from $14.48 in 1982 and an estimated $110.91 in 1983. A little arithmetic

The Dow industrials: estimated 1984 earnings up 60%

Company	Recent price	Net income 1981	Net income 1982	Earnings per share 1981	Earnings per share 1982	Earnings per share 1983 estimates	Earnings per share 1984 estimates	% change 1984/83 estimates	Price/earnings ratio latest 12 mos	Price/earnings ratio 1983 estimates	Price/earnings ratio 1984 estimates
		(millions)									
Allied Corp	55½	$ 348.0	$ 272.0	$ 9.03	$ 6.22	$ 5.69	$ 7.47	31.3%	9.8	9.8	7.4
Aluminum Co of Am	44¼	296.2	–9.1	3.97	–0.15	1.67	4.34	159.9	NM	26.8	10.3
American Brands	56	386.1	381.2	6.68	6.55	7.08	7.88	11.3	8.5	7.9	7.1
American Can	42⅛	76.7	–132.9	3.77	–7.31	3.57	4.48	25.5	24.3	11.8	9.4
American Express	38¾	518.0	581.0	2.79	3.02	3.60	4.17	15.8	11.3	10.8	9.3
American Tel & Tel	64⅛	6,822.9	6,992.0	8.47	8.06	8.32	9.43	13.3	8.1	7.7	6.8
Bethlehem Steel	24	210.9	–1,469.6	4.83	–33.64	–7.55	3.25	NM	NM	NM	7.4
El du Pont de Nemours	52⅞	1,081.0	894.0	5.81	3.75	4.59	5.88	28.1	14.5	11.5	9.0
Eastman Kodak	71½	1,239.0	1,162.0	7.66	7.12	5.04	6.98	38.5	12.3	14.2	10.2
Exxon	38½	5,567.5	4,185.9	6.44	4.82	5.17	5.73	10.8	7.2	7.4	6.7
General Electric	53¼	1,652.0	1,817.0	3.63	4.00	4.50	5.20	15.6	12.6	11.8	10.2
General Foods	49¼	200.2	255.4	4.47	5.73	6.23	6.80	9.1	8.7	7.9	7.2
General Motors	76½	333.4	962.7	1.07	3.09	10.92	15.21	39.3	12.2	7.0	5.0
Goodyear	31¼	243.9	247.6	3.36	3.35	3.29	4.73	43.8	11.7	9.7	6.7
Inco	15⅞	–479.5	–204.2	–0.35	–2.29	–1.04	1.40	NM	NM	NM	11.3
IBM	132⅛	3,308.0	4,409.0	5.63	7.39	8.88	10.36	16.7	16.4	14.9	12.8
Intl Harvester	11½	–393.1	–1,660.0	–12.90	–52.07	–15.44	–2.46	NM	NM	NM	NM
Intl Paper	52⅛	525.0	160.8	5.74	2.72	3.32	5.22	57.2	16.9	15.7	10.0
Merck	100	398.3	415.1	5.36	5.61	6.27	7.20	14.8	17.2	15.9	13.9
Minnesota Mng & Mfg	86¼	673.0	631.0	5.74	5.37	6.09	7.52	23.5	15.7	14.2	11.5
Owens-Illinois	32	154.1	39.7	5.15	1.36	3.43	4.45	29.7	27.4	9.3	7.2
Procter & Gamble	58⅝	668.0	777.0	4.04	4.70	5.74	6.25	8.9	11.2	10.2	9.4
Sears, Roebuck	38¾	650.1	861.2	1.88	2.37	3.44	4.22	22.7	12.4	11.3	9.2
Standard Oil of Calif	36⅝	2,380.0	1,377.0	6.96	4.03	4.61	5.34	15.8	8.0	7.9	6.9
Texaco	36½	2,310.0	1,281.0	8.75	4.92	5.33	5.93	11.3	7.5	6.8	6.2
Union Carbide	67⅛	649.0	310.0	9.56	4.47	4.79	7.91	65.1	22.5	14.1	8.5
United Technologies	67⅞	457.7	426.9	7.71	6.73	7.50	8.79	17.2	9.1	9.1	7.7
US Steel	29	1,077.2	–361.0	7.54	–3.75	–2.83	3.50	NM	NM	NM	8.3
Westinghouse Electric	47½	438.0	449.3	5.10	5.16	5.13	6.24	21.6	10.2	9.3	7.6
FW Woolworth	38	81.9	–353.0	2.64	3.15	3.57	4.34	21.6	13.7	10.6	8.8

NM: Not meaningful.

Sources: Wilshire Associates, Fisers Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan

The Dow transportations: estimated 1984 earnings up 48%

Company	Recent price	Net income 1981 (millions)	Net income 1982 (millions)	Earnings per share 1981	Earnings per share 1982	Earnings per share 1983 estimates	Earnings per share 1984 estimates	% change 1984/83 estimates	Price/earnings ratio latest 12 mos	Price/earnings ratio 1983 estimates	Price/earnings ratio 1984 estimates
AMR Corp	27⅛	$ 16.8	$–19.6	$0.16	$–1.00	$2.20	$4.03	83.2%	40.9	12.4	6.8
Burlington Northern	99⅞	272.2	283.8	7.02	4.65	9.01	11.32	25.6	16.1	11.1	8.8
Canadian Pacific	40½	393.9	152.8	5.48	2.11	3.48	4.30	23.6	26.1	11.6	9.4
Carolina Freight	34	5.0	6.0	1.09	1.30	2.21	2.71	22.6	16.3	15.4	12.5
Consol Freightways	56¼	127.0	54.8	4.16	4.08	4.61	5.56	20.6	12.7	12.2	10.1
CSX Corp	73⅝	367.7	338.4	8.92	8.10	6.38	9.14	43.3	11.1	11.5	8.1
Delta Air Lines	34¼	146.5	20.8	3.68	0.52	2.94	4.75	61.6	NM	11.8	7.3
Eastern Air Lines	6¼	–65.9	–74.9	–3.44	–3.82	–2.42	0.06	NM	NM	NM	NM
Norfolk Southern	68¼	500.3	411.4	8.08	6.57	5.74	7.31	27.4	15.8	12.0	9.4
Northwest Airlines	40¼	10.5	5.0	0.48	0.23	2.41	4.31	78.8	67.1	16.7	9.3
Overnite Transport	31⅛	17.1	18.4	1.69	1.36	2.00	2.41	20.5	17.8	15.6	12.9
Pan Am World Airways	7⅝	–18.9	–485.3	–3.65	–6.30	–0.70	0.51	NM	NM	NM	14.5
Rio Grande Inds	57	37.1	24.4	7.53	3.45	3.14	4.03	28.3	19.9	18.2	14.1
Santa Fe Inds	30⅝	242.2	180.2	2.73	2.08	2.76	3.43	24.3	14.1	11.1	8.9
Southern Pacific	38¼	174.9	130.3	3.09	2.60	3.13	3.89	24.3	13.7	12.2	9.8
Transway Intl	33⅛	25.4	14.0	3.87	2.72	2.17	3.83	76.5	17.2	15.4	8.7
Trans World Corp	31	42.2	29.9	1.12	0.35	–0.41	1.72	NM	NM	NM	18.0
UAL	29⅝	–70.5	11.0	–2.40	0.36	2.78	4.65	67.3	5.9	10.7	6.4
Union Pacific	56	410.7	326.8	4.27	3.38	3.78	5.04	33.3	17.8	14.8	11.1
USAir Group	27¼	51.1	59.1	3.13	3.35	3.09	4.05	31.1	10.1	9.0	6.9

NM: Not meaningful. *Source: Wilshire Associates, Power, Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.*

Statistical Spotlight

indicates that, if the market multiple doesn't change, a Dow of over 2100 is in the offing. That's fuel for the boldest of optimists.

However, one reason to be more down-to-earth is that market multiples usually shrink as a bull market wears on. Why so? Because the market discounts the earnings improvement in advance, rising before the earnings do, leveling off before they do. So now assume the worst. Suppose pessimism reigns; suppose investors are only willing to support an earnings multiple for the Dow equivalent to what they were paying in the dark days of early 1982.

On top of this add some more negative adjustments. Suppose the recovery falters; suppose the analysts' earnings estimates are off by 25%. After all, they often get euphoric when stock prices are rising. That would give the Dow companies earnings of just under $133.

Is everything lost? In this bleak scenario the Dow would drop to just over 1100. Not a catastrophe when you consider the upside potential of the Dow at its current P/E is over 2000.

These, of course, are mere statistical exercises; in the end the market moves on mass psychology, which is largely determined by what happens in the real world. Nevertheless, it is comforting to know that if things work out as the analysts think they will, the market is probably underpriced rather than overpriced. ■

The Dow utilities: estimated 1984 earnings up 7%

Company	Recent price	Net income 1981 (millions)	Net income 1982 (millions)	Earnings per share 1981	Earnings per share 1982	Earnings per share 1983 estimates	Earnings per share 1984 estimates	% change 1984/83 estimates	Price/earnings ratio latest 12 mos	Price/earnings ratio 1983 estimates	Price/earnings ratio 1984 estimates
American Elec Power	18¾	$368.3	$440.8	$2.37	$2.03	$2.17	$2.35	8.3%	10.1	8.6	8.0
Cleveland Elec Illum	21⅛	195.5	209.0	2.52	3.01	3.14	3.15	0.3	7.2	6.9	6.9
Columbia Gas Sys	33⅛	199.2	184.5	5.50	5.10	4.20	4.82	14.8	8.6	8.0	7.0
Commonwealth Edison	27½	449.9	606.7	3.06	3.75	3.99	4.17	4.5	6.7	6.9	6.6
Consolidated Edison	23¾	448.0	492.6	3.22	3.55	3.78	3.88	2.6	7.0	6.3	6.1
Consolidated Natrl Gas	31	151.8	159.8	3.72	3.90	3.98	4.47	12.3	7.0	7.8	6.9
Detroit Edison	15¼	234.4	254.7	2.02	1.75	2.03	2.09	3.0	7.6	7.5	7.3
Houston Inds	22⅞	216.4	126.2	3.14	1.62	3.84	3.99	3.9	16.3	6.0	5.7
Niagara Mohawk Power	17⅝	220.6	268.5	2.35	2.64	2.67	2.77	3.7	6.4	6.6	6.4
Pacific Gas & Elec	15⅝	564.6	810.2	1.70	2.45	2.32	2.56	10.3	7.2	6.7	6.1
Panhandle Eastern	38⅜	261.6	219.9	6.52	5.36	4.00	4.31	22.8	9.2	9.6	7.8
Peoples Energy	9¾	48.2	51.3	1.66	1.54	1.25	1.41	12.8	7.7	7.8	6.9
Philadelphia Electric	17¼	277.6	336.2	2.25	2.39	2.42	2.49	2.9	7.2	7.1	6.9
Pub Serv Elec & Gas	24⅛	264.1	342.8	2.63	3.24	3.24	3.50	8.0	7.2	7.5	7.0
Southern Cal Edison	38⅛	489.9	555.8	4.93	5.13	5.94	6.00	1.0	6.6	6.5	6.4

NM: Not meaningful. *Source: Wilshire Associates, Power, Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.*